

The Incorporated Accountants' Journal

The Official Organ of

The Society of Incorporated Accountants and Auditors

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Certificate and Prize is awarded to Mr. Harold Payne (Bournemouth), and the Second, Third, Fourth, Fifth and Sixth Place Certificates respectively to Mr. Walter John Bridle, Mr. Russell Spencer Byhurst Ames, Mr. William Joe Ward Webster, Mr. David Lumsden Brown, and Mr. Stanley Thomas Lawrie, all of London.

Ninety-seven candidates sat for the Preliminary examination, and 53 per cent. were successful, Mr. Alfred Arthur Goddard (London) gaining the First Place Certificate.

Speaking at the Incorporated Accountants' Dinner in Birmingham, on December 4th, Mr. E. Cassleton Elliott, President of the Society of Incorporated Accountants, referred to the rights of preference shareholders. He said that when things went well, preference shareholders did not receive any extra dividend, and if they went badly, very often they suffered scarcely less heavily than ordinary or deferred shareholders. Preference shareholders had the first claim upon the balance available for dividends, after all prior charges had been met. Recently cases had arisen where, when interest rates were at a higher level, preference shares had been issued to carry a higher rate of dividend than would obtain to-day, and it was considered that this was a favourable time to suggest a reduction of such dividend, although dividends had been paid regularly on the ordinary share capital. It is probable that one of the cases which gave rise to the President's remarks will shortly be before the Courts, and therefore we will defer further comment.

Professional Notes.

WE publish in another column the results of the November, 1933, examinations held by the Society of Incorporated Accountants and Auditors at centres in Great Britain and Ireland. Of the total of 801 candidates in all the examinations 45 per cent. were successful. In the Final examination, for which 305 candidates presented themselves, the proportion of passes was likewise 45 per cent. Mr. George Eccles (Preston) is awarded the First Certificate of Merit and First Prize; Mr. Sidney Jones (Leeds) receives the Second Certificate of Merit and Second Prize; Mr. Leonard Kightley (Luton) the Third Certificate of Merit; and Mr. Ernest Alfred Marsh (Carlisle) the Fourth Certificate of Merit.

In the Intermediate examination 44 per cent. of the 399 candidates satisfied the examiners, and six were placed in Honours. The First Place

Readers who are concerned with Trust Estates, as well as Secretaries and Registrars of Companies, will read with interest the particulars which appear in another column of an arrangement

which has just been introduced in the Principal Probate Registry with regard to the issue of photographic copies of grants of probate and letters of administration, bearing the seal of the Court, at a fee of 1s. each. The object is to enable the executor or administrator to obtain at a nominal cost sufficient copies to send one to each company or other authority in which the deceased held stocks or shares, as well as to other persons likely to require proof of the grant of probate before recognising his title, thus avoiding the present system of passing the grant of probate from one company to another for registration and thereby delaying the realisation of the estate. The Lord Chancellor's office, in issuing the intimation, acknowledges that the credit for this arrangement is due, in large measure, to the Association of British Chambers of Commerce, who drew the attention of the Department to the matter as long ago as the year 1926 and subsequently sent a deputation to the House of Lords to press their views.

Sir James Martin, in presiding at the forty-first annual meeting of the Incorporated Accountants' Benevolent Fund, expressed the obligations of the subscribers to the Trustees, especially to Mr. Burgess (the Chairman), to the Hon. Secretary of the Fund, Mr. A. A. Garrett, and to the chief clerk on the Society's staff, Mr. J. C. Fay, for their labours on the Fund's behalf. He said that it had always been his ambition, which should not be incapable of realisation, that the claims of the old and infirm members and the care of widows and orphans needing assistance, should be exclusively a matter for the members of the Society of Incorporated Accountants and Auditors and not a charge upon public funds. A report of the proceedings, together with the Trustees' report and the Accounts for the past year, appears in this issue.

A new express service, which is to be known as the "Railex" service, comes into operation on January 1st. The charge will be a flat rate of 2s. 6d. per letter not exceeding 2 ozs. in weight, and the arrangement is that the express letter when handed in at a post office will be taken by a telegraph boy to the railway station, and at the same time a telegram will be sent to the post office at the other end giving instructions to collect the letter from the station and deliver it specially to the addressee. The sender will have the option, if he finds it more convenient, to telephone to the nearest post office for the letter to be collected.

It may be remembered that a short time ago Mr. Handley Page was held liable in the King's Bench Division for assessment to income tax on an amount of £30,000 which was awarded to him by the Royal Commission on Awards to Inventors in relation to bombing aeroplanes built during the War, the design of which belonged to the Handley Page Company. The Court of Appeal has now reversed this decision and held that the payment in question was not subject to income tax. It was an *ex gratia* payment, not a remuneration for user, and not a sum reached in the course of carrying on the Handley Page business. The payment was received for surrendering what was in fact, although not in law, a monopoly and therefore a dissipation of capital.

The judgment of Mr. Justice Finlay in the case of *Heastie v. Veitch & Co.*, has been reversed by the Court of Appeal. The circumstances were that a firm of accountants occupied premises which were owned by the senior partner, and arranged to allow him £1,250 per annum as rent, which it was admitted was a reasonable figure. This rent, however, was considerably in excess of the Schedule A assessment on the property, and the Inspector of Taxes refused to admit the debit, claiming that the Schedule A assessment only should be allowed. Mr. Justice Finlay accepted this view, and held that although the rent would have been an admissible deduction if paid to a third party, it could not be allowed when paid to a partner of the firm.

Reversing this decision, the Master of the Rolls said the question was whether the payment to the senior partner was for rent or capital. The Commissioners had held that the £1,250 was a fair and proper rent, and an admissible deduction, and his Lordship could see no evidence whereby one could turn the habitation of the partnership into money, and treat it simply as part of the capital of the partnership.

In commenting upon Mr. Justice Finlay's decision in our November issue, we pointed out that the effect was to penalise a firm because one of the partners happened to be the landlord of the premises, and it is satisfactory to find that the Appeal Court is not prepared to allow this to be done.

In our issue of June last we referred to the Court of Appeal judgment in the case of *Feist v. Société Intercommunale Belge d'Electricité* which

had relation to the value attached to Gold Bonds of foreign countries and the coupons relating thereto. The Court of Appeal held that the bonds could be discharged by tendering banknotes notwithstanding the provision contained in the bonds that there was to be paid to the bearer thereof "the sum of £100 in sterling in gold coin of the United Kingdom of or equal to the standard weight and the fineness existing on September 1st, 1928." The reason given for this decision was that, although the original obligation of the company was to pay £100 sterling in gold coin, there was, in fact, at the present time, no issue of gold coinage in this country, and the Legislature had said that the liability might lawfully be discharged by tendering banknotes.

The case has now come before the House of Lords and the decision of the Court of Appeal has been unanimously reversed. Lord Russell of Killowen, in giving judgment, agreed that the question of construction was a difficult one, but after careful consideration of all the provisions of the bond, their Lordships had come to the conclusion that they should give to the gold clause the meaning and effect for which the bondholder primarily contended. He said that the Courts below had started with the assumption that the original intention of the bond was defeated by the operation of the law. In his opinion, however, the reference in the bond to gold coin of the United Kingdom was clearly not a reference to the mode of payment but to the measure of the company's obligation, and this view was confirmed by other conditions of the bond. Any other interpretation would mean attributing no meaning at all to the gold clause or a meaning which from other parts of the document and the surrounding circumstances the parties could not have intended it to bear.

The decision of the Court of Appeal in the case of *Broken Hill Proprietary Company, Ltd., v. Latham and Others* (referred to in these columns in January last) has recently been over-ruled by the House of Lords in the case of *Adelaide Electric Supply Company, Ltd., v. Prudential Assurance Company, Ltd.* In the former case, it will be remembered, the debenture holders had the option of having the amounts due to them, both for principal and interest, paid in London or in Australia, and it was held that the company was entitled to pay in Australian currency, thereby depriving the debenture holders of any benefit from their option to be paid in London.

In the present case the Adelaide Electric Supply Company, as its name implies, supplied electric current in Adelaide but was incorporated in this country. By special resolutions passed in 1921 the entire business of the company was transferred to Adelaide and it was provided that all dividends were to be declared and paid in Australia, and the point at issue was whether the interest on preference shares which were issued in sterling in this country—some before and some after the year 1921—was payable in English pounds or whether it was payable in Australian pounds.

Their Lordships decided unanimously that the conclusions arrived at in the *Broken Hill* case were wrong; that in the present case the company's obligations were effectually discharged by payment in Australian currency and that the question of exchange did not therefore arise. This was on the ground that the place of performance of the contract governed the liability, and that the shareholders, having by special resolution agreed to the transfer of the place of performance to Australia, must accept payment in Australian currency or its equivalent in sterling. By over-ruling the *Broken Hill* Proprietary decision their Lordships said in effect that those debenture holders of that company who exercised the option to be paid in London were entitled to be paid in English pounds and not the sterling equivalent of Australian pounds.

The Court of Appeal had under consideration last month the case of *Perry (Inspector of Taxes) v. Astor*, which raised the same point as was decided in *Marchioness of Ormonde v. Brown*, and in its general outline was almost the same as the well-known *Archer Shee* case. The point for decision was whether specific income from stocks and shares held by a trust company in America on behalf of a resident in this country was assessable to income tax under sect. 20 (1) (a) of the Finance Act, 1922. On behalf of the respondent it was contended that the income of the trust fund was income of the trustee who was resident abroad and was derived from sources out of the United Kingdom; that sect. 20 (1) (a) of the Finance Act, 1922, had no application to it; that the respondent might not have been able to obtain for himself the beneficial enjoyment of the income without the consent of the trustee; and that the respondent was chargeable to income tax only under Rule 2 of Case V of Schedule D on the amounts received in the United Kingdom.

Their Lordships decided in favour of the Inland Revenue, and in doing so overruled the decision in *Marchioness of Ormonde v. Brown* in so far as that decision was inconsistent, and at the same time distinguished the case from that of *Archer Shee v. Garland*, above referred to, the point of distinction being that in this case there was in the settlement a power of revocation which was valid and could be exercised. The Master of the Rolls, in delivering judgment, said that the power of revocation could be exercised without let or hindrance from any other person and could be exercised so as to secure to the taxpayer the beneficial enjoyment of the income. In these circumstances it appeared to him that sect. 20 (1) (a) applied.

In giving his decision in the case of *Jenkins v. Deane* in the King's Bench Division last month, Mr. Justice Goddard said that, although the Road Traffic Act, 1930, required the owners of motor vehicles, under severe penalties, to insure against third-party risks, it had since transpired that anyone who was unfortunate enough to be injured by the negligence of a driver, might not be able to recover compensation if the owner of the vehicle was himself impecunious. This arose from the fact that the Act had left approved insurers free to make any bargain they chose with the person insured (except on a minor point), and it sometimes happened that, either because of some misstatement or breach of warranty on the part of the insured or of some condition in the policy, liability could be repudiated. As an instance, his Lordship said that in the case then before him the policy contained a provision that the underwriters should not be liable for injury, loss or damage through the driving of any insured vehicle in an unsafe condition "either before or after an accident."

In the case under notice judgment was given against the underwriter, but his Lordship said there had been a disturbing number of cases recently where the insurers were disputing liability, and the consequence was that, although a plaintiff might be successful in his claim against the insured person, the latter might be impecunious and the person who suffered the damage might have to embark on further litigation against the insurers. This state of things he regarded as a serious inroad on the

value of compulsory insurance as a protection to the public.

In a forcible article on "Retail Selling Costs," in *The Times Trade Supplement*, Sir Arthur Michael Samuel, Bt., M.P., advocates a system of retail cost accounting applied to and tested by actual facts of operation. Sir Arthur sets out the main points upon which, in his opinion, accurate information is necessary, and in concluding his article he makes recommendations to accountants as "business advisers," which we give in his own words: "In all probability the leading English and Scottish bodies of accountants and auditors have already studied, and drawn the attention of their members and clients to, the importance of understanding and testing the causes of retail costs details."

Sir Arthur continues: "But those bodies might go much farther, and maintain and publish a continuous general analysis of such factors, among others, as those outlined. Accountants and auditors are often called upon to act as 'business advisers' to their own clients, and sometimes, in a similar capacity, to the general public. The subject of retail costs is one upon which there is yet no widespread knowledge. The public, as well as the retail trade, will accept gratefully guidance from that prudent and public-spirited profession whose advice is always welcomed and respected."

In the House of Lords last month, Lord Asquith asked whether any steps would be taken to give effect to the unanimous recommendations of the Committee on Arbitration, submitted in 1927, as to alterations which they considered desirable in the law relating to Arbitrations. The Lord Chancellor stated in reply that other reforms of a similar character, which were regarded as more pressing, had been under consideration, and, with the assistance of Lord Hanworth (the Master of the Rolls) and his colleagues, had been partially dealt with. A second report on these matters was expected from Lord Hanworth in a few days, and when the recommendations contained therein had been disposed of he (the Lord Chancellor) intended to devote his personal attention to what he described as "the difficult and in some cases somewhat obscure points" which arose in reference to the conduct of Arbitration proceedings. He added that Lord Cave, who was Lord Chancellor when the report of the Committee was presented, had stated that he was not wholly in accord with the Committee's recommendations.

ACCRETIONS OF CAPITAL OR INCOME.

THE Income Tax Acts are intended to impose a tax on income only and not on capital, but it is sometimes difficult to determine whether the profit that has accrued to an individual is to be treated for taxation purposes as an accretion of capital or as a taxable profit.

In the recent case of *Townsend v. Grundy* Mr. Justice Finlay held that the profits derived by an agricultural implement manufacturer from 16 transactions spread over a period of four years in respect of cotton futures were taxable on the ground that they were to be regarded as the profits of a subsidiary business. In this case the Judge held that although the speculations amounted to a type of gambling they were not bets in the proper sense of the term, and re-asserted the rule that the fact that the transactions were not connected with the ordinary trade of the person concerned did not *ipso facto* dispel liability to tax. It has been suggested in connection with this decision that once it is established that profits are taxable either under Case I or Case VI of Schedule D, the relief sections in respect of losses might well come into operation in subsequent years, when losses are made on such transactions. There might thus be cases in which the taxpayer could show that his losses from speculative transactions should be dealt with under Case I, and therefore be available for set-off against business profits; but if dealt with under Case VI, the losses could only be set off or carried forward against Case VI profits. Apparently, however, relief could be obtained by making a claim under sect. 34 of the Income Tax Act, 1918, which enables the taxpayer to bring into account his profits and losses under all schedules. This would apply whether the speculative transactions were assessed under Case I or Case VI.

In *Californian Copper Syndicate v. Harris* (1904) it was laid down that it was a well settled principle in dealing in questions of income tax, that where the owner of an ordinary investment chooses to realise it and obtains a greater price for it than he originally acquired it at, the enhanced price is not profit assessable to income tax. But it is equally well established that enhanced values obtained from realisation or conversion of securities may be so assessable where what is done is not merely a realisation or change of investment, but an act done in what is truly the carrying on or carrying out of a business. The simplest case is that of a person or association of persons buying and selling lands

or securities speculatively, in order to make gain, dealing in such investments as a business, and thereby seeking to make profits. There are many companies which, on their very inception, are formed for such a purpose, and in these cases there is no doubt that, where they make a gain by a realisation, the gain is liable to be assessed for income tax. The test is: Is the gain that has been made a mere enhancement of value by realising a security, or is it a gain in an operation of business in carrying out a scheme for profit making.

Two leading cases, *Jones v. Leeming* (1930) and *Martin v. Lowry* (1927) settle the principle that any profit made on a sale or re-sale is not generally taxable unless the transaction can be regarded as being an incident of a trade or business. In *Jones v. Leeming* the respondent joined with three other persons in obtaining an option to purchase a rubber estate in the Malay Peninsula. As the estate was too small for re-sale to a company for public flotation, they acquired a further option to purchase an adjoining estate. Ultimately, the two estates were sold to a company at a profit. The respondent having been assessed to income tax on a sum representing his net share of the profit, appealed. The Commissioners found that the respondent acquired the property or interest in the property with the sole object of turning it over again at a profit, and that he at no time had any intention of holding the property or interest as an investment, and confirmed the assessment. They subsequently found, on the case being referred back to them, that the transaction was not a concern in the nature of trade. It was held that, having regard to the finding of the Commissioners that the transaction was not in the nature of trade, and that it was an isolated transaction of purchase and re-sale of property, the profits arising therefrom were not in the nature of income, but were an accretion to capital, and were, therefore, not subject to tax under Case VI of Schedule D of the Income Tax Act, 1918. Lord Buckmaster said: "Can the profits made in this case be described as income? Were the respondent a company promoter, or were his business associated with purchase and sale of estates, wholly different considerations would apply, but the transaction in this case stands isolated and alone. It is, to my mind, in the circumstances, purely an affair of capital. I can see no difference between it and what might have happened had the respondent bought shares in two companies which were going to be amalgamated, and then sold equivalent shares in the amalgamated company at a profit; an accretion to capital does not become income merely

because the original capital was invested in the hope and expectation that it would rise in value. If it does so rise, its realisation does not make it income."

In *Martin v. Lowry* a wholesale machinery merchant purchased from the Government their surplus stock of aircraft linen under a contract, which provided that he should take delivery of the whole within six months. In order to dispose of the linen, he rented an office in London and set up a large and skilled organisation, by means of which he disposed of his entire purchase in some seven months. In respect of these transactions, he was assessed to excess profits duty and to income tax, and, on appeal, the Commissioners found that he was carrying on a trade or business and affirmed the assessments. It was held that there was evidence to support the finding of the Commissioners, and that the profits arising from his trade or business, being profits within the year of charge, were annual profits or gains within the meaning of Schedule D; that he was therefore liable both for excess profits duty and for income tax. Lord Cave said "there are, no doubt, passages in the Act in which the word 'annual' or the word 'yearly' has an implication of recurrence; but one must have regard to the context, in which the words are found, and having regard to the context I do not think that there is any such implication in the words 'annual profits or gains' as applying to the profits or gains arising in respect of a trade which are taxable under Schedule D of the Act. It appears to me that in that context the words bear the construction put upon them by Mr. Justice Rowlatt in the case of *Ryall v. Hoare* (1923), where he said that the words meant 'profits or gains in any one year or in any year as the succession of years comes round.' He pointed out that in fact the tax is imposed for one year only, and, having regard to that fact and to the context which accompanies the particular words which he was called upon to construe, he held that those words meant simply the profits or gains accruing in the year in question. I agree with that interpretation as applied to this case, and accordingly I think that the profits which are now in question come within the words of charge."

THE INSTITUTE OF ARBITRATORS.

On January 10th a Practice Arbitration will be held at Incorporated Accountants' Hall, the subject matter being a Partnership Dispute. The Arbitrator will be Mr. R. W. L. Clench, F.S.A.A., F.C.A.

Non-members are invited to attend upon notifying the Secretary at 10, Norfolk Street, W.C., a few days before the date of the meeting.

THE AUDIT OF A BUILDING SOCIETY

[CONTRIBUTED.]

As long ago as 1874 an Act of Parliament provided for the registration of building societies, although such institutions were then of comparatively small importance and regarded merely as friendly societies with one special object. When the housing shortage became acute in 1918 the building society movement was presented with a great opportunity for expansion, and full advantage of this opportunity was taken without delay. Societies which had formerly restricted their business to one town now opened branch offices, or agencies, in neighbouring centres, and some large societies extended their activities throughout the country. In many cases, therefore, the audit of the accounts of a building society is a considerable undertaking. Amalgamations have as yet been rare, and the smaller societies still continue to expand in spite of the competition of the exceptionally large institutions. The vast majority of societies existing to-day seem likely to grow yet further, while the terminating societies which at first were popular tend to disappear.

The provisions of the Building Societies Acts reflect the democratic origin of most of these societies, and especially is this so in regard to the audit that was made compulsory in 1874. The Act of that year provided for an annual audit of every registered society, and for an inspection by the auditors of the mortgages and other securities belonging to the society. Thus one important part of the auditor's duty was clearly defined and emphasised. In 1894 a statute provided that, notwithstanding anything in the rules of any society, one at least of the auditors must be a person who publicly carried on the business of an accountant, and this provision has not been amended, inadequate as it may be in effect in view of modern developments. It is usual to appoint two or more auditors, but in many cases the joint auditors are partners in a firm of professional accountants. Often, again, two or more firms are appointed.

Every auditor of a building society must report either that the annual accounts he has examined are "correct, duly vouched, and in accordance with law," or specially report to the society in what respects the accounts are incorrect, unvouched, or not in accordance with law. The auditor must further certify that he has "at this audit actually inspected the mortgage deeds and other securities belonging to the society, in respect of each of the . . . properties in mortgage to the society." Joint auditors may divide this work between them. The accounts which the society must present and the auditors must examine and "attest" are specified by the Chief Registrar of Friendly Societies and contain such particulars as he may from time to time direct. In addition to the profit and loss account, appropriation account and balance sheet, separate (summarised) accounts must be presented

in respect of shareholders, depositors, and borrowers, together with a general statement of receipts and payments. It is also necessary for the society to present schedules of certain prescribed particulars of mortgages (a) on which the present debt exceeds £5,000, (b) on properties held in possession by the society for upwards of twelve months, and (c) on properties not held in possession for upwards of twelve months but where repayments are upwards of twelve months in arrear.

The duties of the auditor in connection with the verification of the balance sheet items may be considered first. Broadly speaking, the assets will consist of mortgages on house and shop properties, office properties occupied by the society, gilt-edged securities, corporation loans, and balances of cash at banks or in hand. The liabilities will consist chiefly of sums deposited with the society on share or loan accounts, commitments in respect of properties in possession, and expenses outstanding. The audit programme will thus be fairly simple in outline, but a tremendous amount of detail will require attention. Where branch offices have been opened it will be well to draw up a separate programme to cover work at branches as distinct from work at the head office, and in drawing up these separate programmes due consideration must be given to the degree of decentralisation of accounting adopted by the society.

Having regard to the statutory audit provisions already mentioned, it is clearly the auditor's duty to examine each year every one of the mortgage deeds and all other securities belonging to the society. It has been suggested that an auditor, having examined a number of mortgage deeds, may then make a bundle of these and seal it, assuming in subsequent years that all these deeds remain in the bundle so long as the seal remains unbroken. Such an attempt to save time surely throws an auditor open to a charge of negligence, since his duty is so clearly defined by statute. In any event, mortgage deeds are often required for reference in connection with a reconstruction of a loan, &c. The only safe course is to have every deed inspected every year. When examining a deed for the first time, the auditor should see that the document is properly signed, witnessed, and stamped, and that the margin of security appears to be adequate. Subsequently it will be sufficient to see that the deed remains in the society's possession, and that the balance of the debt diminishes steadily (except insofar as further charges are properly created). This examination of the mortgage deeds is sometimes extended to the title deeds, but there would appear to be no statutory duty laid upon the auditor to do so. Before settling his programme in this respect the auditor should investigate the anterior procedure adopted by the officials of the society, *e.g.*, in regard to valuation. No mortgage should be granted except upon properties recommended by a competent surveyor. When mortgage deeds are very numerous it may be necessary to conduct the examination on a continuous or semi-continuous plan in which case

care must be taken to ensure that no mortgage is produced more than once. All the deeds should preferably be kept in a strong room at the head office of the society, and the officials of the mortgage department should have no duties in other departments.

Securities for the rest of the society's assets should be examined on the last day of the financial year. Subsequently the auditor will ascertain that proper adjustments have been made in respect of interest accrued and liability for income tax. The cash in hand as shown on the balance sheet should also be verified on the closing day. Where it is not possible for the auditor to verify the cash at every branch, the programme should provide for visits to different branches each year, and certificates should be obtained from all branch managers and agents whose cash is not actually counted by the audit staff. Bank balances may be verified in the usual way with certificates and reconciliation statements.

The principal liabilities of a building society will be set out in the shareholders' and depositors' ledgers, but these records must be compared, as far as possible, with the pass-books issued by the society, and such an examination of pass-books, like the examination of deeds, involves much detail work which cannot safely be neglected. The audit should extend, so far as may be practicable, to an examination of every pass-book issued, and it is desirable that these should be compared with the ledgers, stamped (like the ledger balance) with an audit stamp, and, where practicable, handed direct to the shareholder or depositor by the auditor or his assistant after the examination. All the issued pass-books will not be brought in for audit, however; many may be withheld for many years in succession. In order to verify balances in respect of which pass-books are not seen, the auditor should send out by post to the shareholder or depositor a circular setting out the balance of the account and requesting a communication addressed to his office should there be any discrepancy thus brought to light. These circulars may be written out by the society's staff and then checked by the audit staff before posting. As books are usually brought in to the society for the inclusion of interest at the year-end, that is the most convenient time for the auditor's examination, but a periodical check may also be desirable. A similar examination of pass-books should be made in connection with the mortgage accounts. Additional liabilities should be verified as far as possible, and may include commissions due to agents, fees due to surveyors, balances of insurance accounts in respect of premiums collected by the society on properties mortgaged, income tax (assessed under a special arrangement) and anticipated losses on properties fallen into possession. It is advisable to draw up detailed schedules of borrowers in arrear in order to ensure adequate provision for losses of this nature.

The accounts of a large society cannot be checked in detail, and accordingly it is of vital importance that the system of internal check should be adequate. Expenses must be vouched, and all income receivable

traced into the books. Counter sheets or duplicate deposit or withdrawal dockets can be examined, and postings tested; interest calculations and ledger additions can be tested; but the whole of the detailed book-keeping cannot usually be checked by the auditor. The programme should especially cover any suspected weak point in the society's system, and be varied from year to year. The auditor should be acquainted with the continuous programme of any inspection department that may operate, and have access to the inspectors' records and reports. It is desirable that the inspection staff should not merely visit branches, but check head office transactions as well. All important matters should be authorised by entries in the society's minute books, which should be written up in as detailed a manner as possible, having regard to the fact that a building society is a mutual concern, the property not of one person or a few, but of a host of people. The auditor should make sure, too, that the society's officials obey the rules of the society and comply with the provisions of the Building Societies Acts already mentioned. Incidentally, all officials should give some kind of security on entering the service. The auditor should ascertain that such a rule is enforced, and also make sure each year that the directors continue to hold their qualifying shares, where such are necessary.

Further reference must be made to the audit of branches. Branches should be visited by the auditor, who should check the cash in hand, examine pass-books, test the entries in the share, deposit and mortgage ledgers, check the nominal ledger accounts, vouch expenses, test payments into the local bank, and obtain a summary, verified as far as possible, of the year's transactions as recorded in the nominal ledger. The last-mentioned will be checked with the records kept at the head office. Special attention must be paid to the method of issuing pass-books, to the payment of salaries, and the receipt of rents in respect of premises sub-let. The auditor must always bear in mind the temptations presented to an office staff that handles cash continuously.

INTERNATIONAL CONGRESS FOR SCIENTIFIC MANAGEMENT.

Considerable progress is being made with the organisation of the Sixth International Congress for Scientific Management, which is to be held in London from July 15th to 18th, 1935. A strong council has been formed, including representatives of societies connected with the various phases of scientific management. H.R.H. the Prince of Wales is the Patron of the Conference, for which Government support has been promised. The chairman is Sir George Beharrell, D.S.O., Managing Director of the Dunlop Rubber Company, Ltd.

It is hoped that the Congress will demonstrate that British industry and British technicians are fully alive to the importance of scientific principles in management. Amongst the questions which will be discussed are:—

- (a) Concrete examples of the Application of Scientific Management to Distribution Problems in Manufacturing, Wholesaling and Retailing.
- (b) Methods of Controlling Production.

- (c) Methods of Selection, Education and Training of Personnel suitable for high administrative positions.
- (d) What are the correct methods of inculcating Modern Management Principles and Practices in large scale, medium and small undertakings? What is the role of trade or other associations in this field?

The accountancy profession is represented on the council by Mr. G. R. Freeman (Institute of Chartered Accountants), Mr. Richard A. Witty (Society of Incorporated Accountants and Auditors), and Mr. S. Berger (Institute of Cost and Works Accountants).

REGISTRATION OF GRANTS OF PROBATE

We are requested by the Secretary of The Society of Incorporated Accountants and Auditors to publish the following letter, written by direction of the Lord Chancellor, together with the official notice accompanying the communication.

House of Lords,
S.W.1.

December 14th, 1933.

SIR,—I am directed by the Lord Chancellor to send you the enclosed copies of a notice relating to the registration of the probate of a Will with a Company in which the deceased person held shares.

The notice is important to persons who act as Secretary or Registrar of a Company, because, at any time after January 1st next, the Registrar may be confronted with a document of unfamiliar appearance, which he will be bound in law to recognize and act upon by altering the register of shareholders, as if the document were an original grant of probate or letters of administration.

As Incorporated Accountants often act on behalf of companies in various capacities, including that of Secretary, you may think it desirable to find some means of bringing the notice to the attention of members of the Society, before, or soon after, January 1st.

I am, Sir,

Your obedient Servant,
A. E. A. NAPIER.

The Secretary,
The Society of Incorporated Accountants and Auditors.

Probate Copies.

1. On January 1st, 1934, a new system will be introduced in the Principal Probate Registry with regard to the issue of copies of probates* and letters of administration.

2. In the following observations, any reference to probate may be read as a reference to letters of administration with the appropriate substitution of "administrator" for "executor" and "intestate" for "testator" in the context.

3. Where Probate is granted at the Principal Registry on or after January 1st, 1934, the executor will be able to obtain sealed copies of the probate for a fee of one shilling each. The object of this facility is to save estates of deceased persons from loss and expense occasioned by lapse of time between the date of the grant and the date when the probate is registered with those limited companies in which the testator held stock or shares, a period which under the old system often lasted for many weeks.

4. In order to obtain the benefit of the new system, the executor should send copies of the probate, with suitable covering letters, simultaneously to all the persons

and corporations (e.g., companies, debtors, creditors, &c.) who may be expected to require proof of the grant before recognising the title of the executor. By this means he may well be in a position to deal with the assets of the estate within a few days of the grant. He should, therefore, apply for as many copies as he may need for this purpose, having upon receipt of the probate, examined it to make sure that it contains no slip needing correction.

5. The application for the copies may be made on the day of issue itself, but only if the probate is produced in the Copies Department so as to identify the grant without reference to the public calendars of the Court. Within a week after the day of issue the person applying for copies may choose between producing the probate and making the usual search in the calendars. After that time the usual search will be required.

6. The new copies will be copies of the probate reproduced by photographic process, and will be sealed with the small seal of the Court.[†] They must be received in evidence of the grant in all parts of the United Kingdom without further proof,[‡] but they do not obviate the necessity to re-seal the English grant, or to obtain separate representation, where there is property out of England. If produced to a limited company in England they are sufficient evidence of the grant, notwithstanding anything in the Articles of the company.[§] The methods of establishing the identity of the testator with the person registered in the books of the company are unaffected by the new system.

7. A copy of the probate sealed with the large seal of the Court, or a copy certified by the Registrar but not sealed, will continue to be obtainable, if desired, the fees at present payable for similar copies of the record of the grant being applicable.

8. The photographic process will entail the discontinuance of the red seal upon probates issued from the Principal Probate Registry, and for uniformity it is proposed soon to make a similar change in those issued from the District Probate Registries. With this exception no alteration will be made in the form of probates issued from the District Probate Registries, but those issued from the Principal Registry will, on and after January 1st, 1934, contain the addresses and descriptions of the executors and, where appropriate, the net value of the personal estate will be shown. An executor must give a precise occupational description in his oath, and if he has no occupation the words "of no occupation" should be used. Such a description as "Esquire," "Gentleman" or "Clerk" should be avoided. A female should be described as "Spinster," "Widow," "Wife of . . .," or "Single Woman," as the case may be.

9. The introduction of a photographic process between the sealing and the issue of the probate is new. This is not expected to retard the time of issue appreciably, but any slight delay before issue will be more than compensated by the provision of copies at a low fee which, if utilised, will greatly expedite the business of winding-up the estate.

Lord Chancellor's Office,
House of Lords,
S.W.1.

December, 1933.

Accountancy Methods as a Factor in the Economic System.

A LECTURE delivered before the Incorporated Accountants' London and District Society by

LORD MELCHETT.

The chair was occupied by MR. JOSEPH STEPHENSON, O.B.E., F.S.A.A.,

LORD MELCHETT said:—The subject of my talk to-night is one that is really so wide that it is difficult altogether to find one's original points of definition, but I think one can begin from this starting place: the industrial world of to-day differs from the world of a century ago, or even half a century ago, essentially in one respect: we may now claim to have embarked upon an age of plenty, whereas for the past centuries in which our economic system has been built up we were living in an age of scarcity. The whole of the market system on which the economic world is constructed is really based upon the idea that there is fundamentally a shortage of those things which man requires to use, but we are faced to-day with a very different condition of affairs—with the fact that so far from there being a shortage, there is in almost every case an excess, or an apparent excess, of those things which we want, beyond our power of using them. I think one can fairly say that what has broken down in the modern world is in no way the science of production; it is the science of distribution.

One could use a broader phrase, and say that our economic system generally no longer reflects our productive capacity. I believe it is the case that this has occurred before in world history, and that somewhere about 100 B.C. history records that in China they had marketing boards; "Brain Trusts" were created, and brilliant young men were called in to advise the Emperor as to the best methods of solving economic difficulties. These were then called into play, and they very much resemble those which have been utilised in the last few months. That seems to me to show that even at that time China, at any rate, arrived at a period of plenty, at a point where its economic system was no longer able to look after the normal business of production and distribution, and all kinds of novel remedies were tried. It is rather unfortunate that they all failed. But I do not think we need necessarily despair on that account, unless we take the view that we have not progressed very much, either in method or intelligence, in the last 2,100 years. But what I do think is important in that respect is that it is possible to take this view, that whenever the world arrives at a condition of plenty it is so little able to re-adapt its mind and its outlook that it has once more to plunge through various forms of chaotic disturbance into a condition of scarcity before it can arrive at economic adjustment. That is a very gloomy view to take of human affairs, but it is a view that is taken by some very distinguished and able thinkers.

There are men who hold the view that our grandchildren will return to living in caves, and that civilisation is going to break down. Personally, I do not take that view. I think civilisation will survive, and I am much more assured in that belief after the last two years. If anybody had asked me in 1929 whether I thought civilisation could bear the shock of the last two years, and that one could have seen the world's trade diminish by about 70 per cent. without completely destroying civilisation, I should have said it was impossible. Yet we have seen all this happen, and civilisation has survived, and I think will continue to survive. But it will only continue to

* By "probate" is meant the grant of probate and not the copy of the Will.

† The Non-Contentious Probate Rules, 1933 (S.R. & O. 1933 No. 985).

‡ Supreme Court of Judicature (Consolidation) Act, 1925 (15 & 16 Geo. 5, c. 49) sect. 174, as amended by the Administration of Justice Act, 1932 (22 & 23 Geo. 5, c. 55), sect. 4.

§ Companies Act, 1929 (19 & 20 Geo. 5, c. 23), sect. 60.

survive provided we are able to find new methods and adopt a new outlook on problems that have perhaps been considered in the past in relation to stable conditions in which the answer was "No."

Some of the ideas I wish to put before you this evening are in the nature of an attempt to try and visualise the problem of company accounts from a rather different angle to that in which they are viewed in the ordinary way.

It seems to me that accountancy has fundamentally two functions. The first function is that of a sort of policeman against financial highwaymen. It affords a large measure of protection against dishonest men. The second function is that of measuring as accurately as possible our industrial and economic activity. In both these functions the one need that is absolutely essential is truth. We must get an accurate and truthful picture of the position. It is my view that our present system of company accounting creates—although it may be called and is, in fact, extremely accurate—a misconception in the minds of investors, and I think, to some extent, even in those of people who are engaged in the management of industry. I do not think we approach it from altogether a right point of view.

THE BASIS OF COMPANY ACCOUNTS.

The basis of company accounts to-day might be said to be a share of some monetary denomination, a £1 share, a 10s. share, a 5s. share, or a 1s. share, and that idea has grown up from the early days when people paid so much for a share—in these days it is a much larger figure, £1,000 or £100. That money was spent upon machinery and plant or buildings, which had a real value, apart from their operation value: that is to say, the profits they could earn in operation. Both machinery and buildings in those days were scarce, and machinery and buildings could be sold for some other purpose than that for which the man who ordered them originally intended them. They would fetch a reasonable figure. They were called—and the phrase still persists—"solid assets." They were looked upon as a fine thing to have in the balance sheet.

To-day the position is entirely changed. Everybody with industrial experience is well aware that there is no greater drug on the market than a factory that will not pay, and that there is nothing more useless than a process that will not work. The machines that have been put into buildings have probably no value, except scrap. There is an enormous amount of machinery in the world to-day, more than is being used, and scrap machinery has little or no value. The same may be said of factory buildings. They must be specialised. They have not the value they had a century or even 50 years ago. Therefore, one has to realise that the monetary conception of a share is rather misleading. When people have subscribed money in order to erect a factory, or to start a business, it has been spent in that particular way and, unless the factory can earn a profit, is irrevocably gone. You cannot get it back again. The same might be said of by far the greater part of the buildings erected for such a purpose. So that what everybody buys when buying a share in a modern company is nothing more or less than a share in existing or potential profits. Anybody who buys a £1 share for £1 and imagines that he has necessarily £1 worth of assets behind it, as you all know, is suffering from a grave delusion. He may have a great deal more, or, in many cases, he has a great deal less. The real fact is that he has a share in a going concern; either a concern that is able to make profits, or a concern that is not able to make profits.

I hold very strongly the view that a share of "no par value," as it is called in America, gives a very much more

accurate picture to the investor and also to the industrialist himself of the true structure of his company's balance-sheet. The American, as a matter of fact, has not taken full advantage of shares of no par value, because it is the common practice there to value them at some conventional figure and still put them in the balance-sheet at a very large figure on the liabilities side. But, as we all know, all balance-sheets show a large figure on the liabilities side for their ordinary capital. Big companies usually have a large ordinary capital and a large figure on the assets side for their machinery, plant and buildings. The procedure then, as the company progresses and makes profits, is to begin writing those assets down.

With all those figures we do not give ourselves a true picture. The ordinary shares should stand as shares of no par value—at nothing; and machinery, plant and buildings at their scrap and site value, which would certainly be very low—very much lower than the money spent on erecting them. Preference shares are rather different. They are based on a comparatively small proportion, as a rule, of the profits of an existing company, or the prospective profits of a company which is to be launched. I think myself it is not very good practice to have preference shares in a company which has no earnings. A preference share should be a preferred proportion of the earnings which already exist, but that is a matter of opinion.

Debentures come within the same category. I think you will all agree that anybody who was advising someone as to lending money on a debenture, certainly anyone who was lending his own money upon a debenture, would not be prepared to take balance sheet figures—would not be prepared to lend the money as against the assets in the balance-sheet. What he would want to know would be something about the earnings of the company. It would not be of the slightest use going to a shrewd City financier and saying: "I have got £15,000,000 of assets in my balance sheet, and I have spent this amount of money on putting up factories or sinking mines." It would be no use at all unless you could show that as a result you were earning good money, and would be in a position to pay his interest and the sinking fund.

One sees at once from that point that balance sheet figures are, as a rule, not a sufficiently good guide for a debenture issue. And I think that serves particularly to show that in the way in which we conduct company accountancy to-day we do not use the best methods of showing to both ourselves and our shareholders the true position of an industrial or commercial concern.

There is one immediate effect of this system of putting your ordinary shares in at a monetary value and writing your assets down on the other side against it. You at once begin, as I said before, to write these assets down—in other words, you start to depreciate them, and that depreciation is very often calculated upon some fixed amount. It is the practice of prudent accountants and auditors to insist on an adequate depreciation in most companies, a point that they usually take very strongly. Now that, in itself, is a large tax upon the profits of industry, and has a very definite economic effect. Taken in conjunction with the taxes that are imposed by the Government, it all has to come off what is earned by the industry.

Let us follow this a little further, and see what becomes of this money after it has been deducted from the profits. It is in most cases reinvested in the business. It usually is spent upon building more factories, putting up more buildings, installing more machinery, and is not necessarily available. Although you see written down in the balance sheet of a company reserves at a very large figure, those

reserves are not necessarily in any way available either for expansion of the business or for replacement of plant, machinery or processes that have become obsolete. So that again the shareholder—I do not think the industrialist would be deceived by this—does not get as clear a picture as he might get if we decided to do things in a slightly different way. It has always been my view, and the view of many other far more eminent and distinguished authorities, that what is really vital is that all plant and machinery should at all times be maintained in the highest possible condition of efficiency, regardless of cost, and that that should be a charge against profits. Then, in addition to that, the company ought to create reserves and keep them in such a form that they are available directly, and obviously available, for the expansion of its business or for the replacement of some part of its plant and machinery which, by some sudden change in the technique of manufacture, may be made obsolete in such quantity that the normal method may be inadequate to deal with it. That is a practice which, of course, many companies naturally follow, but it is not necessarily at all clear from balance sheets what is going on. It can be seen if you trace it out.

It seems to me that we ought to try to clear the position in such a way as not only to realise that one of the most essential points of management in a competitive industrial world is always to have your plant and machinery up to the very last word of the technique of your particular manufacture, but in addition to that to have a large portion of your reserves in a sufficiently liquid form to be able to utilise them.

The old idea—one often heard it used in the old days perhaps more than in recent years, in the City—was “Here is a company with large capital and good, solid assets behind it.” It was the sort of phrase people used. It gave a great impression of wealth, power and solidity. Those self-same assets, when bad times come, are referred to as “frozen assets”—just the same bits of plant and machinery as they were when described as “solid assets” in good times. Then you are faced at once, when the condition changes, with an entirely different situation, and the same people will describe them as “frozen assets” because they cannot earn money and they cannot liquidate them.

MORE ORDERED SYSTEM OF INDUSTRY.

Well, I think that to get as true a picture as possible of the industrial activity of all companies—and the company form is the most usual for industrial activity in this country—is a vital thing if we are ever going to arrive at an ordered period in industry. We have all been through the extraordinary experiences of the last few years. We have all seen the haphazard industrial expansion which took place in the last decade, say, from 1919 to 1929, and I think without any doubt we cannot look forward with any confidence to another decade of that type of development. We have got to know a great deal more of what we are doing, and some element of control will be undoubtedly be necessary. Whether that control is to be undoubted in the form of Government interference with business, which is always looked upon as such a fearful thing—although I must say it very often occurs, where Governments do not interfere with business, that the business does a great deal worse than if they did interfere with it—or whether it is done by business men having any initiative, which they have so sadly lacked in the past, and getting together themselves to do the obvious thing, I do not know. But what I am perfectly convinced of is this, that we have to move in the direction of what is called rationalisation, which was defined by my father on one occasion as: “The application of scientific organisation

to industry by the unification of the processes of production and distribution, with the object of approximating supply to demand.” In other words, we have to arrive at a far more ordered system of industry, and in the first place we have got to know far more precisely what we are really doing.

Now one sees in the world at large very great changes taking place—great experiments being made—but they all tend in the same direction. One sees in America, for instance, the example of the N.R.A., which, while it is not an example one would desire to see followed in this country, is at any rate an interesting experiment which we can observe from afar, and from which we can possibly learn a great deal. One or two features of the N.R.A. are extraordinarily interesting. One does find in more than one of the codes the provision that new factories are not allowed to be erected unless those who are going to erect them can prove that there is a justification and necessity for new buildings and machinery in that particular line of manufacture, and this, of course, is directed to the elimination of wasteful competition. I was informed—I cannot vouch for the statement—by an eminent authority that among the railways of the United States alone, the getting together of the chief executives with the idea of eliminating wasteful competition is going to save them something like 700 million dollars a year. There is an enormous national income to be made by such an arrangement. The N.R.A. has, of course, clauses dealing with wages. Although some people are horrified at the idea of anything like fixation of wages, one has to remember that it applies to two of the biggest industries in this country already—agriculture and coal-mining—where wages are regulated by a system which depends upon Parliamentary sanction. So that I think we have to keep our minds open to all types of solution of the sort of difficulties in which we find ourselves.

I believe that in the future it will be necessary to combine two entirely different elements in the management and formation of the industrial company. The principal element in our economic system to-day, the principal driving force, is the natural avarice of man, which is what we rely upon to get the world along. People want to make money, they want to get bigger salaries; that is the principal driving force upon which we depend. Then there is another very powerful force in the world, which is a great incentive to human endeavour, and that is the desire for safety and security—the desire of a man to be able to put away some of his earnings and to keep them safely.

Now both of those elements come into all questions of investment in companies, and, indeed, all industrial effort. There is a type of company which is extremely well established, which has existed for a very long period, and which has an enormous vested interest in the world markets. It is very often assisted nowadays by some protection from the Government. That type of company has probably already a very regular share value, and does not pay out excessive dividends, pursues a very moderate and conservative policy, and is looked upon as a safe sort of investment. Then there is an entirely different type—the type which is a pure speculation. Somebody has an idea that they can make something better or cheaper than anybody else, that they have some entirely new product which the world wants, that they are able to perform some service for mankind that has not been performed before, or are able to perform it better, and they want to make money out of it. Those who go in with them and invest in their company take a purely speculative chance in the hope of a large reward. Between those two extremes there are, of course, gradations, and we may come to the point where

regulation, perhaps of even a severe type, might be imposed upon the first type of company with a well established business and national obligations because of the assistance it gets from the nation, while leaving as free as possible the other type of company which is making an effort to start something new—people who might be called the adventurers of the industrial world; people who are vitally necessary if enterprise is to be maintained. It may be possible to classify companies, starting from the bottom and going to the top, classifying the different risks and making perfectly reasonable regulations in accordance with their situation, and I believe we may be forced to that type of regulation, not only in this country, but in all countries, if we are to have an ordered system of economy.

I think one cannot attach too much importance to the necessity for order in the industrial system. We are faced in the modern world with a very great challenge—in the Western world—a challenge from the East. There are large, intelligent, active, progressive populations like Japan, and there are the millions of China and the millions of other people living on a very much lower standard than we can possibly subsist on—not than we do subsist on, but than we can possibly subsist on. They are able to challenge our business by producing at a far lower cost of production, chiefly owing to their lower wages. Now we have got to have an answer to this, and I am perfectly certain, for my part, that the reply of the *laissez faire* type of economy is quite impossible. If you are going to have an economy such as the last century of Free Trade, where everybody is left to shift for himself and hope he will find the best way out, I think you will undoubtedly be faced with competition from the East which will cut into your trade to such an extent that it will be knocked to pieces. It seems to me the answer of the West will be, first of all, Protection; that is essential; and, secondly, ordered economy which enables a comprehensive programme to be worked out and ordered progress to be arrived at. We have to show our ability in that direction. We have to realise that many of the things which were dear to us in the past may not be able to exist in the future.

AN EXAMPLE.

I will just give you one example of what I mean. One could point to a good many cases where a country with ample natural resources and plenty of labour has wanted something done—roads made, or a dam made, or something of that sort—and they have been in a depressed condition financially, and, with an unbalanced balance sheet, unable to borrow money. Owing to troubles of that kind, this work has not been done. At a later stage somebody comes along and lends them the money, and the work is done. Why should that country, which had the natural resources, and which had the labour, wait until somebody brought it a piece of paper or simply made a book entry, wrote something down on paper with pen and ink, before they could get on with the work? It is absolutely absurd, and it cannot be tolerated. I am certain that we shall have to learn to devise a national economy from which this kind of fallacy is eliminated. It may require some revolution in thought, but I do not think any of us can believe that a revolution in thought is not necessary when we look back on the past two or three years.

I myself see no reason to believe that the economic nationalism which is so much deplored by many authorities is against the natural trend of world development. In every direction that one looks one sees that science is enabling every country to make more and more things for itself and to have a smaller reason for importing from other countries. I think that that trend of science is likely

to continue for a very long time to come. If it changes, it will be necessary to go back to another system, but at the present moment the direction of scientific development—and I think that direction will be maintained for a long time to come—necessitates a certain amount of economic nationalism. It necessitates people making things for themselves, because you will not be able to prevent the scientist producing new processes, and you will not be able to prevent industrialists exploiting them or the politician coming along and saying: "Why should not we make these things here and employ people who otherwise would be out of work?" That tendency on the one hand, and, apart from that, the very wide complexity of the modern world, seems to me to enforce a certain amount of economic isolation, perhaps in groups, perhaps in countries, that will enable us to get control of our economic development. You may put it in this way. The men do not yet exist who could make a Five Year Plan for the whole world, but it is possible you could find people who could make a Five Year Plan for England. I am certain you could find men with sufficient intelligence to make a Five Year Plan for Wiltshire. If you come down in your requirements, it will be easier to rationalise the world. I think that is a sound tendency, but it will mean a very considerable revision of our views.

OPPORTUNITIES OF THE BRITISH PEOPLE.

For my part, I hold the belief that the people who are best able first to arrive at a rational ordered economy are the British people. They have, I will not say "at their disposal," but at any rate sympathetically affiliated with them, about one-quarter of the total population of the world, and a huge territory of about the same size. They have a common language, which is of enormous importance; they have to a large extent common practices; in accountancy, for example, their practices are far more in accord with each other than with any foreign country—they have many common ideals, and much of what is written and thought spreads easily from one part to another, and I think the British people have a tremendous opportunity of utilising this great Empire, not only to bring stability to this quarter of the world, but to show the other three-quarters the best way in which to arrive at the goal which they are all seeking. The goal is a simple one of opportunity to enjoy the benefits of plenty which science has so lavishly poured upon us in recent years.

I am quite sure that in order to enjoy those benefits we have to change our fundamental ideas on a great many subjects that have been looked upon as settled in the past. It is for that reason I have had the temerity even to challenge some of the best established customs in this country, such as the custom of the British method of company accountancy which has for years led the world. The fact that one has led the world for years in one direction is not enough to keep one in the van. One has to be the first person to work out new ideas which circumstances demand in order to maintain that position, and I feel certain that British accountants will be able to adapt themselves as readily, if not more readily, than other people, and to find the new ways which have to be found in order that we may enjoy the prosperity to which science certainly entitles us.

Discussion.

The CHAIRMAN said he felt quite sure they would all agree that Lord Melchett had given them an extraordinarily interesting lecture—from the point of view, he presumed, of a director of large companies. The lecture could provoke a tremendous amount of discussion and criticism, and personally he would like nothing better than to deal with very many of Lord Melchett's points himself, and one in particular—the question of "no par value" as far as shares were concerned, and the provision

or non-provision of depreciation which would arise out of it. But he was going to be unselfish and leave that kind of thing to others; consequently, the matter was now open for discussion, and he would ask Mr. Witty to commence it.

Mr. RICHARD A. WITTY, F.S.A.A., said that accountants often claimed, perhaps with some justification, that their work and training enabled them to visualise a particular business or trade as a whole, and that experience gave them some advantage over those who were more directly engaged in commerce, and who frequently were forced to take a somewhat more departmental view. But it was very refreshing, he thought, to find a business man, a man who was engaged in controlling the actual manufacture, purchase and sale of commodities, who was able to visualise commercial problems from a purely accountancy point of view. He thought that was what Lord Melchett had done that evening. His views were admittedly in many respects revolutionary. Frankly, it was difficult to forecast the lines upon which Lord Melchett was going to speak under the particular title of the lecture. The whole subject of company accounts had, as they knew, been before the accountancy profession for the past two or three years, but the views which Lord Melchett had put forward were not concerned solely with the actual statement of a balance sheet. He thought Lord Melchett's arguments were the concern of management rather than of the accountancy profession. He (Mr. Witty) felt some hesitation in expressing more or less at a moment's notice any definite view on all the points Lord Melchett had raised, but he thought the whole lecture emphasised once again the need for some sort of research body in accountancy, analogous in some respect to the research institutions which were connected with nearly every other branch of science. He was going to suggest to Lord Melchett that any direct movement in the way of such a research body, or in the way of giving effect to those proposals, must emanate in the first place from commerce itself, rather than that the accountancy profession should, as a profession, on its own account take the initiative. It was, of course, known to all of them that in any commercial business of any magnitude to-day there were trained qualified accountants holding responsible positions on the staff. Those accountants were in a position to visualise all the problems which had been outlined by Lord Melchett not only from the accountancy angle of view, but also—and he thought this was the essence of the whole thing—also with a first-hand knowledge of the influence and the impact of management upon all these problems. Management was only now coming in any measure to be realised as the dominant factor in business. Certainly until recent years they used to talk about capital and labour as though they were the only factors in business, but experience had shown that both capital and labour were absolutely sterile and fruitless unless they were controlled by efficient management. He emphasised that point because he thought Lord Melchett would probably agree that before they could give effect to any of the reforms or revolutionary ideas he had mentioned it would be absolutely necessary to train the whole business world into the realisation of the respective importance of management and of capital and labour. The people of this country were really conservative. They were all conservative, he thought, in the sense that they still did like to think of "solid assets." It was perfectly true that solid assets became "frozen" during a time of depression, and when the depression had passed they might become solid assets again. Whether that frozen period ought to be considered as simply a passing phase, or whether the solid period should be regarded as a passing phase, was a point he would leave to economists who might be dealing with that aspect. But he did feel that in this matter the outstanding need was for co-operation between the management and accountants. Neither party alone could effect any reform. It had been said that the task of management was to guide a business undertaking towards its objective by the greatest economic use of every available source, both human and material. Lord Melchett, he understood, wished to get away in order to keep

another engagement, therefore he (Mr. Witty) would not take up more time. He would like, however, to express thanks to Lord Melchett for having stimulated their minds by directing their thoughts into new channels.

Mr. A. STUART ALLEN, F.S.A.A., said they were accustomed in that hall to being provided by these addresses with much food for reflection; he thought that they had had that evening a repast of extraordinary interest. For himself, he was pleased to reflect that mentally at least one could chew the cud of reflection for a very lengthy period, and that, he thought, would be necessary before one could appreciate all that Lord Melchett had said in its true significance. One matter to which his Lordship referred brought back to one's mind a rather new development of company law which was introduced in the Companies (Consolidation) Act, 1929. There, for the first time, they saw a provision compelling public companies to publish a profit and loss account. That was possibly only the thin end of the wedge; one hoped it was. The profit and loss account was, he thought, following Lord Melchett's own idea, really of more importance than the balance sheet. That was merely stating Lord Melchett's hypothesis in a somewhat different form. But they had had notable cases in which the real importance of the profit and loss account had been stressed, and he thought they would have more enlightening cases in the near future. Mr. Witty, in his remarks, had made some very enlightening suggestions. The idea that accountants should go outside the sphere to which they had so long been accustomed at the invitation of commerce itself was of course a most attractive one; and many of them would be more than pleased if they could see some development along those lines in the near future. He agreed also with Mr. Witty's remarks, that without some indication of the scope of the address it was extremely difficult to appreciate what had been said, and to make comments upon it, but he would like to associate himself with the expression of very warm appreciation of the most eloquent and able address they had heard that evening.

Mr. THOMAS KEENS, F.S.A.A., said he thought they were extremely fortunate that evening in having heard an original thinker like Lord Melchett dealing with an old subject in a thoroughly new way. He did not suppose for a moment that any of them would be prepared to say straight away that they agreed with his Lordship's conclusions, but at any rate they would have to say this, that they would have to consider them very carefully, and see which of them they did really agree with, and, possibly, which of them they would violently disagree with. He did not suppose any of them would be prepared to-morrow morning to draw up a set of accounts in the form Lord Melchett desired. If they did do so, he thought, they would soon make the acquaintance of a Judge in the Supreme Court, and the result would not be exactly what they would desire. They could at any rate say this, that they had been given many ideas which were novel and illuminating, and it would be their duty to consider them carefully with the hope that they would be able to take their full part in the future in giving effect to a re-casting of systems if it would mean greater advantages to British industry and the general well-being of the whole community. Of course, when any person purchased a share in any limited company he was presumably buying income, and that was the thing to which his ideas had to be directed from the beginning. And there could, of course, be no question whatever that there was no more disastrous asset, if one had to realise it, than a factory full of machinery for which there was no immediate demand. No doubt many of them had been in the position in which he had been himself for some years, of being a receiver of some very valuable property for which there were no buyers, and the receipts under the receivership had been very disappointing. They all knew of classic cases within the last year or so. That brought them up against a definite standard of values and conditions along the lines Lord Melchett had told them about that evening. However, what they had to do as accountants was to recognise that in their profession, probably more than in any other, or at any rate as much as in any other—

in their profession they had to be students until the day they went out of the profession. They must be continually learning, or they would be of very little use to their generation. When they saw the lecture in print and realised its full implications, he was sure it would give them a great deal of food for thought, and they would be able to exercise their minds to their own personal advantage and, he hoped, to the advantage of the profession.

Mr. J. A. PLUMPTON said he had listened with very great interest to his Lordship, and had been much encouraged by what he had said, because he himself had rather unusual views on the subject, and he had been afraid sometimes that people might think him revolutionary. On the question of the balance sheet, if he might be allowed to disagree with Lord Melchett, he would say that one could not do better than maintain the figure representing property at cost. Directly they varied from that, they would be having figures there which represented the opinion of different individuals, and they would not know where they were. At present they did know that that was the original cost, and it was up to them then to set aside such sum or sums as were necessary to bring it down to present-day value. Coming to a point his Lordship had mentioned, he had himself said on a previous occasion that what they wanted in the balance sheet was real live capital, and not the continuing of dead capital. To give an illustration of what was in his mind, some years ago a young man took out an insurance policy for a sum that he estimated would meet his requirements to-day. When he took out the policy he was paying a premium that was a very heavy drain upon him in those days, in the hope of getting £500. His mind was on the value of £500 in 1912. To-day he had his £500, but he could not possibly deal with it as he could have done in the early days. That meant that in spite of all the efforts to do so, capital could not be maintained at its value on account of the depreciation of money. Looking back, there was a time when a penny seemed quite a lot of money, but it was now gradually losing its value. They could not get beyond that fact, and if some new system were not adopted money would continue to lose its value, and the losses would fall where they ought not to fall.

LORD MELCHETT: I would just like to reply to some of the interesting points raised, and perhaps I had better begin at the end. Mr. Plumpton made some observations in regard to currency and capital. I think one has to differentiate very distinctly between the two. Capital consists of buildings, houses, roads, rolling stock, machinery, and that sort of thing. Currency is a piece of paper—quite a different thing; it can even be an entry in a book. Real capital to my mind is capital goods, something that can be used, which is quite different to a mere paper entry which can vary enormously from one period to another according to the acts of those who control these things, or who try to control them. As regards the other points he made, about capital account and cost—well, I think it is quite true. It is an excellent thing to put on your balance sheet what it cost you to build a factory. It is a matter of historical record, but it does not in any way give you a true picture of your position at the time you are striking your balance. Mr. Keens raised several interesting points, and one which I think is particularly applicable, and that was that when he went back and tried to re-cast some of the accounts in the form I have mentioned he might get into some difficulty. I think that is quite true. It only shows, supposing I am right, or supposing that anything approximating to what I have said is right, how much spade-work has got to be done in order to convert the accountancy, the commercial and the legal world to that opinion. I think, in order to do that, the Research Committee which Mr. Witty talked about seems a most excellent idea. I would just say this about it: I am not quite sure that it is the commercial or industrial world that can call for such a Research Committee. Even in the large and prominent concerns with which I have the honour to be connected, the accountant is still a person who has great authority, one who says things must be done, and while others may dispute the

point with him and argue about it, it generally becomes a matter of agreement. But he speaks with great authority, and so he should, and everybody interested in honest book-keeping will be delighted if his prestige can be maintained. It is not for us to tell you what you ought to do, but for you to make up your minds as to what should be done, and then consult with us. I think a Research Committee would be extraordinarily valuable if it marched alongside co-ordinated industrial principles. Mr. Stuart Allen put the matter very much in a nutshell—and I shall certainly use it myself—when he said that it is the profit and loss account which, in the modern world, really matters more than the balance sheet. That is the thing to keep before us at all times—that it is current activity which creates all values, and when current activity falls, you have no standard of value. You have, as Mr. Keens said, a very valuable property which is not worth anything. That is the real measure, and it can be the only measure, and our objective must be to try and maintain with as much regularity as possible the current activity of the industrial and commercial world.

Mr. R. WILSON BARTLETT, F.S.A.A., in proposing a vote of thanks to Lord Melchett, said he wished in the first place to thank the Chairman and the Committee for sending an invitation to him to be present to listen to the most interesting and able address they had heard that evening. Coming from the district of South Wales, where many industries were at work with which Lord Melchett was connected, and looking at the very interesting and interested audience they had that evening, it had given him a great deal of pleasure. He thought they would all agree that Lord Melchett was an outstanding leader in modern industry. Not many weeks ago he was travelling so far away as the Western border of the Province of Ontario, in the Dominion of Canada, and there, somewhat late one evening, he was taken over the works of the International Nickel Company with which their Lecturer was connected, and he saw nickel being poured into moulds at something like 2,600° F. If they contrasted all those active commercial connections with the modern views which they had heard expressed that evening, he was sure they would all agree that Lord Melchett had had some temerity in putting his views forward. He had invited criticism, and, as one speaker had said, they would go away that night "chewing the cud" and thinking over many of the problems for the future. He had the greatest possible pleasure, on behalf of all those present, in expressing their thanks and appreciation to Lord Melchett for his very able address.

Mr. W. J. BACK, A.S.A.A., in seconding the vote of thanks, said that they very much appreciated Lord Melchett's kindness in giving so much time as the preparation of the lecture must have involved, and in coming there that evening to deliver it. He was very glad that his Lordship had come with a "red flag"—as a revolutionary. The last revolutionary they had had there was Sir Josiah Stamp, who came telling them about the sins of the accountancy profession and how much they could be improved if they adopted certain suggestions. Lord Melchett, following in the footsteps of his illustrious parent, known as the "father of rationalisation," had come telling them of the wonderful things the world was going to see when a proper economic system was evolved. It was pleasing to hear that he had the same idea as some of their profession had, of a Research Committee, and that he was thinking of setting up such a Committee. In that case Lord Melchett would be able to open his records to the Committee, and they would be able to publish what they thought proper of the activities of the Imperial Chemical Industries. (Laughter.) This was no mere conventional vote of thanks, but a real expression of gratitude and appreciation for the very large amount of time and care he had given to the preparation of the lecture they had enjoyed so much that evening.

The vote of thanks was carried unanimously.

LORD MELCHETT, replying to the vote of thanks, said he was sure Mr. Back would realise that any firm of

accountants could at any time examine his own affairs and say what they liked about them, but as for some of the larger institutions with which he was connected, his colleagues might have a word or two to say on that subject. He wished to thank all present very much for their kind appreciation, and to say that he had been very glad indeed to be present, and to take part in the discussion.

The proceedings terminated with a vote of thanks to the Chairman.

QUESTIONS IN PARLIAMENT.

Income Tax.

Mr. LEWIS asked the Chancellor of the Exchequer if, as a result of the recent judgment in the case of Mr. J. P. Grundy, the Income Tax Authorities propose to demand payment of Income Tax on profits on sales of stocks and shares by private investors?

Mr. CHAMBERLAIN: The judgment in question was based entirely on prior authority, and has not altered the scope of taxation either in law or in practice. I may add that it has no bearing upon the Income Tax position of investors.

Mr. H. WILLIAMS asked the Chancellor of the Exchequer the actual income assessed for Income Tax in the latest year for which the figures are available, together with an estimate of the number of persons assessed, and for comparison the corresponding figures for 1913-14?

Mr. HORE-BELISHA: For the year 1913-14 the actual income assessed to Income Tax was £951,000,000, and the number of individuals with incomes over the exemption limit was 1,200,000. For the year 1931-32 the estimates given in the last annual report of the Commissioners of Inland Revenue show the actual income assessed to Income Tax to be £2,760,000,000 and the number of individuals with incomes exceeding the exemption limit to be 8,400,000. The figures for 1913-14 and 1931-32 are not comparable. The exemption limit in 1913-14 was £160 and the exemption limit in 1931-32 was £100 for investment income and £125 for earned income, and owing to the changes in price level the monetary values are different.

Double Income Tax.

Mr. D. G. SOMERVILLE asked the Financial Secretary to the Treasury with what foreign countries arrangements have been made for relieving from double income tax shipping and air transport profits and other profits derived from business carried on through agencies; with what countries negotiations for such arrangements are now under way; and what are the prospects of their reaching a successful conclusion in the near future?

Mr. HORE-BELISHA: Arrangements for relief from double income tax have been made or are under negotiation with the following foreign countries:—

As regards shipping profits.

Arrangements have been made with the United States of America, Denmark, Norway, Sweden, Finland, the Netherlands, Germany, Iceland, Greece, Japan and France. Arrangements with Belgium, Spain, the Netherlands Colonies and Brazil are under negotiation.

As regards certain profits derived from agencies.

Arrangements have been made with Sweden and Switzerland, and are under negotiation with France, Germany, Belgium, the Netherlands, Italy, Finland and Greece.

As regards air transport profits.

No arrangements have yet been made, but negotiations are in progress with France, Germany and Belgium.

In addition, arrangements as regards shipping profits have been made with Canada, and negotiations are in progress with various Dominions and with India regarding agency or air transport profits. As regards the last part of the question the negotiations are not equally advanced in relation to all the countries named, but in some cases a successful conclusion is anticipated at no very distant date.

Income Tax Law Committee.

MAJOR NATHAN asked the Chancellor of the Exchequer the names of the present members of the Committee on the redrafting of the law relating to Income tax; when it was appointed; how often it has met; when last it met; and when he anticipates receiving its report?

Mr. HORE-BELISHA: The names of the present members are: The Right Hon. Lord Macmillan (Chairman), Sir F. F. Liddell (Vice-Chairman), Mr. David H. Allan, Mr. A. M. Bremner, Sir W. M. Graham-Harrison, Mr. R. P. Hills, Mr. C. L. King, His Honour Judge Konstam, Mr. Fergus D. Morton, Sir John Shaw. The Committee was originally appointed on October 31, 1927. Lord Macmillan, Mr. C. L. King, and Mr. Fergus Morton were appointed at the beginning of 1932, and Mr. Allan was appointed in the middle of 1932. The Committee has held 122 meetings. The Committee hopes to complete its labours in the course of next year.

Taxation (Comparative Statistics).

Sir F. SANDERSON asked the Chancellor of the Exchequer the taxation per head of the population of Great Britain, the United States of America, France and Germany respectively?

Mr. HORE-BELISHA: The information asked for is contained in the following statement, but I ought to remind my hon. Friend that a calculation of this kind cannot afford a reliable comparison of tax burdens.

Taxation per head (National only):

United Kingdom (1933-34)	..	£14 10 6
United States * (1933-34)	..	18.47 dollars
France†, 1934	..	1105.81 Frs.
Germany‡ (1933-34)	..	105.99 Rm.

*Federal taxation only.

†Including the revenue of the Autonomous Sinking Fund.

‡Including the taxes raised by the Reich, of which the proceeds are assigned in part to the States, but excluding the taxes raised by the States themselves.

Mayor of Shoreditch (Testimonial).

Mr. SUMMERSBY asked the Minister of Health what time was involved in the inquiry by public officials recently ordered by the district auditor in connection with the presentation of an engrossed vellum testimonial to the late Mayor of Shoreditch; what was the approximate cost of this inquiry; and whether he was aware that the cost of the vellum and engrossment in question was only £2 15s.?

Mr. SHAKESPEARE: No inquiry into this matter was ordered by the district auditor, but having taken exception at the audit of this Borough Council's accounts to the expenditure incurred, he followed the normal and proper course of affording the members concerned an opportunity of attending the audit and showing cause why the amount in question should not be disallowed and surcharged.

The Incorporated Accountants' Benevolent Fund.

FORTY-FIRST ANNUAL MEETING.

The forty first Annual Meeting of the Incorporated Accountants' Benevolent Fund was held at Incorporated Accountants' Hall on November 30th last. Sir James Martin, President of the Fund, occupied the chair, and was supported by Mr. Henry J. Burgess and Mr. R. T. Warwick (Trustees), Mr. Ernest L. Burton, F.S.A.A. (Vice-President), Mr. J. H. Grove, F.S.A.A., Mr. C. B. Hewitt, F.S.A.A., Mr. J. R. Marshall, F.S.A.A., Mr. W. Paynter, F.S.A.A., Mr. William Strachan, F.S.A.A., Mr. Charles Wakeling, F.S.A.A., Mr. E. E. Edwards, Mr. J. C. Fay, Mr. W. J. Freeman, and Mr. A. A. Garrett (Hon. Secretary).

Apologies for non-attendance were received from Mr. E. Cassleton Elliott (President of the Society of Incorporated Accountants and Auditors), Mr. R. Wilson Bartlett (Vice-President), Mr. A. E. Piggott, Mr. W. H. Payne and Mr. E. W. C. Whittaker (Trustees), and other members.

President's Address.

Sir James Martin, in moving the adoption of the forty-first annual report of the Trustees, together with the accounts for the year ended September 30th last, said that the total revenue for the year had increased from £1,498 9s. 11d. to £1,603 3s. 3d., which could not be regarded as unsatisfactory, having regard to the difficult times in which we lived. The invested funds at cost on September 30th, 1933, amounted to £10,787 6s. 4d., the market value of the securities on that date being £12,914 1s. 11d.—over £2,000 in excess of the book value.

During the year they were indebted for some valuable additional support from his old friend, Mr. Wm. Strachan, from Mr. A. A. Garrett, the Incorporated Accountants (Masonic) Lodge, and the South African Committees, both in the Eastern and Western divisions of that country. He (Sir James Martin) had a great affection for South Africa and for his professional brethren there, and they could not do anything more agreeable to him than by their sympathetic support of that Fund.

The subscribers had again to thank the Trustees of the Fund for the care and attention they had given to the cases brought before them. It was not necessary for him to go through the list of grants made which were set out in detail in the Report, but it was a satisfaction to all of them that the Trustees had felt themselves able to dispense a sum of £1,120 in granting relief. Having regard to the rules of the Fund, the Trustees would have at their disposal for distribution in the year 1933-34 a sum of over £1,200, and however much business might improve the

claims of the old and infirm and the widows and orphans would have to be considered. He had always had the ambition, which should not be incapable of realisation, that the care of the people needing help, to whom he referred, should be exclusively a matter for the members of the Society of Incorporated Accountants, and not a charge upon public funds.

He could not conclude his observations without expressing once again the indebtedness of the subscribers to the Chairman of the Trustees, Mr. H. J. Burgess, to the Hon. Secretary, Mr. A. A. Garrett, and the chief clerk on the Society's staff, Mr. J. C. Fay, for all their voluntary labours on behalf of the Fund.

Mr. H. J. Burgess, Chairman of the Trustees, seconded the motion for the adoption of the report and accounts, which was carried unanimously.

ELECTION OF PRESIDENT

Sir James Martin was re-elected President of the Fund on the proposal of Mr. F. W. Burton, seconded by Mr. C. B. Hewitt.

TRUSTEES RE-ELECTION

Mr. C. Wakeling proposed, and Mr. J. R. Maskell seconded, the re-election as Trustees of Mr. H. J. Burgess, Mr. A. E. Piggott, Mr. E. W. C. Whittaker, Mr. W. H. Payne and Mr. R. T. Warwick. This was adopted with unanimity.

APPOINTMENT OF VICE-PRESIDENTS

Mr. H. J. Burgess moved the re-election of the following Vice-Presidents: Mr. E. L. Burton, Mr. A. R. King Farlow, Sir Harry Hands, Mr. Alexander Hannah, Mr. R. P. Phillips, Mr. G. S. Pitt, Mr. W. McIntosh Whyte and Mr. Arthur Collins. Mr. J. H. Grove seconded the motion, which was unanimously agreed to.

On the proposal of Mr. H. J. Burgess, seconded by Mr. J. H. Grove, Mr. William Strachan was elected as an additional Vice-President.

ELECTION OF HONORARY AUDITOR

Mr. W. Southwood Smith received a vote of thanks for his services as Hon. Auditor, and was re-elected for the coming year, on the motion of Mr. W. Strachan and Mr. C. B. Hewitt.

Mr. R. T. Warwick proposed, and Mr. H. J. Burgess seconded, a vote of thanks to Sir James Martin for presiding at the meeting, and for his sustained interest in the Fund. This was unanimously accorded.

Report of the Trustees.

The Trustees have pleasure in presenting to subscribers and donors their forty-first annual report.

The total revenue for the year 1932-33, at £1,603 3s. 3d., compares with £1,498 9s. 11d. for 1931-32. The revenue includes gifts of debentures secured on Incorporated Accountants' Hall. The invested funds at cost on September 30th, 1933, amounted to £10,787 6s. 4d., the market value of the securities on that date being £12,914 1s. 11d.

The amount distributed in grants shows an increase of approximately £120 over the previous year. The policy of the Trustees to utilise to the best advantage the resources of the Fund, within the limits prescribed by Rule 17, has been well maintained.

The total of the grants made was £1,120 3s. 7d., as follows:—

- £26 5s. (in addition to £562 5s. previously granted to her and her late husband) to the widow of a former Fellow who is in reduced circumstances.
- £52 (in addition to £502 previously granted) to the widow of a Fellow towards the maintenance and education of her four children.
- £40 (in addition to £255 previously granted) to a former Fellow who is over 80 years of age and blind.
- £40 (in addition to £250 previously granted) to the mother of an Associate who was killed in action. The recipient is over 80 years of age.
- £20 (in addition to £140 previously granted) to the widow of an Associate who was killed in an accident, leaving several young children not provided for.
- £45 towards the education of the children of an Associate whose early death arose through wounds received on Active Service.
- £20 to the widow of an Associate in reduced circumstances.
- £62 10s. (in addition to £10 previously granted) to an Associate who has since died, and to his widow, for the education of their child.
- £44 to the widow of an Associate for the education of her daughter.
- £55 to a Fellow of the Society in reduced circumstances.
- £40 to an Associate of the Society in ill-health, towards the education of his children.
- £15 (in addition to £55 previously granted) to an Associate convalescing after a long illness.
- £20 (in addition to £241 previously granted) to the dependent of a deceased Fellow.
- £10 (in addition to £85 previously granted) to the widow of a Fellow in reduced circumstances.
- £52 13s. 7d. (in addition to £75 13s. 5d. previously granted) for the education of one of the children of a deceased Fellow.
- £25 (in addition to £35 previously granted) to the sisters of a deceased Associate who are in straitened circumstances.
- £25 (in addition to £35 previously granted) to the daughters of a deceased Fellow.
- £42 15s. (in addition to £33 previously granted) to a former Associate in indifferent health.
- £42 15s. (in addition to £33 5s. previously granted) to a former Fellow of advanced age, who is unable to continue practice.
- £20 (in addition to £30 previously granted) to a Fellow of advanced age.
- £27 10s. (in addition to £40 previously granted) to the widow of an Associate.
- £50 (in addition to £30 previously granted) to the widow of an Associate for the support of her children.
- £27 (in addition to £16 10s. previously granted) to the widow of a Fellow.
- £30 (in addition to £15 previously granted) to the widow of an Associate for the support of her children.
- £10 (part of a grant of £40) to the widow of an Associate.
- £12 10s. (part of a grant of £50) to the widow of an Associate towards the education of her children.
- £7 10s. (part of a grant of £30) to a former Associate of the Society of advanced age.
- £6 5s. (part of a grant of £25) to the widow of an Associate.
- £10 (in addition to £60 previously granted) to a former Fellow of the Society.
- £80 to four members towards expenses incurred by illness.
- £161 10s. for assistance to members or dependents in nine cases.

The expenses of the Fund have been confined, as usual, to the necessary outlays for printing and postage.

The accounts for the year ended September 30th, 1933, duly audited, are annexed to this report, together with a full list of subscriptions and donations.

Dated this 17th day of November, 1933.

JAMES MARTIN, *President.*

HENRY J. BURGESS,

ARTHUR E. PIGGOTT,

E. W. C. WHITTAKER,

W. H. PAYNE,

R. T. WARWICK,

A. A. GARRETT, *Hon. Secretary.*

Trustees.

THE INCORPORATED ACCOUNTANTS' BENEVOLENT FUND.

Dr.				REVENUE ACCOUNT for the Year ended September 30th, 1933.				Cr.			
			£	s.	d.				£	s.	d.
To Printing, Postages, &c. ..	..	..	84	10	4	By Annual Subscriptions ..	..	..	742	17	6
„ Grants ..	..	..	1,120	3	7	„ Life Subscriptions ..	..	..	52	10	0
„ Balance, being Surplus for the year	..	..				„ Donations ..	..	..	283	14	3
carried to Balance Sheet ..	..	..	398	9	4	„ Gifts of Debentures ..	..	..	50	0	0
						„ Dividends on Investments (including	..	..	
						Income Tax recovered) ..	..	..	474	1	6
			£1,603	3	3				£1,603	3	3

BALANCE SHEET, September 30th, 1933.

	£	s.	d.		£	s.	d.
Sundry Creditors	50	0	0	Cash at Bankers—			
Revenue Account—				Current Account	290	1	4
Balance at Sept. 30th,				Investments at Cost—			
1932	10,628	18	4	£5,300 3½ per cent. Con-			
Add Surplus for year ..	398	9	4	version Stock	4,198	16	5
				£2,750 4½ per cent. Con-			
	11,027	7	8	version Stock	2,582	5	2
				£400 5 per cent. Conversion			
				Stock	418	6	0
				£900 4 per cent. Funding			
				Loan, 1960-90	676	18	6
				£1,262 17s. 4 per cent. Con-			
				solidated Stock	1,000	0	0
				£500 India 3½ per cent.			
				Stock	533	9	0
				£484 17s. 4d. Local Loans			
				3 per cent. Stock	466	0	0
				£200 London County 3 per			
				cent. Consolidated Stock	171	16	0
				£204 0s. 10d. Common-			
				wealth of Australia 3½ per			
				cent. Registered Stock,			
				1936-37	192	1	9
				£208 10s. New Zealand 4½			
				per cent. Stock, 1948-1958	200	16	0
				£300 London and North			
				Eastern Railway 4 per cent.			
				1st Preference Stock	246	17	6
				£100 Society of Incorporated			
				Accountants 5 per cent.			
				Debentures (Gifts)	100	0	0
				Market value of Securities at			
				30th Sept., 1933, £12,914 1s. 11d.	10,787	6	4

HENRY J. BURGESS, *Chairman of Trustees.*

I have examined the above accounts, together with the Books and Vouchers, and find the same to be correctly stated. I have also verified the securities of the Fund.

61, West Smithfield, London, E.C.
November 20th, 1933.

W. SOUTHWOOD SMITH,
* Incorporated Accountant,
Hon. Auditor.

Society of Incorporated Accountants in Ireland.

ANNUAL DINNER.

The Society of Incorporated Accountants in Ireland held their annual dinner at Jury's Hotel, Dublin, on December 9th. The PRESIDENT, Mr. R. J. Kidney, presided, and those present included Mr. Séan Lemass (Minister for Industry and Commerce), Mr. Walter Holman (Member of the Council, Society of Incorporated Accountants and Auditors), Mr. Thomas Geoghegan (President, Institute of Chartered Accountants in Ireland), Mr. Gabriel Brock (Hon. Secretary, Institute of Chartered Accountants in Ireland), Mr. D. Tilford Boyd, B.Com. (President, Belfast and District Society of Incorporated Accountants), Mr. H. D. Pearson (President, National Agricultural and Industrial Development Association of Ireland), Mr. R. C. Ferguson, M.A. (Department of Industry and Commerce), Mr. A. E. Piggott (Hon. Secretary, Manchester and District Society of Incorporated Accountants), Mr. J. F. Monks (City Treasurer, Dublin), Mr. Ernest E. Edwards, LL.B. (Parliamentary Secretary, Society of Incorporated Accountants and Auditors), Mr. J. Malvern White, B.A., LL.B. (Legal Examiner, Irish Free State), Mr. W. B. Butler, B.L., Mr. Norman Booth (Vice-President, Society of Incorporated Accountants in Ireland), Mr. H. McMillan (Hon. Secretary, Belfast and District Society of Incorporated Accountants), Mr. Robert Bell, F.S.A.A., Mr. E. M. Forde, A.S.A.A., Mr. A. H. Walkey, F.S.A.A., and Mr. A. J. Walkey (Hon. Secretary, Society of Incorporated Accountants in Ireland).

The PRESIDENT (Mr. R. J. Kidney) proposing the toast "Prosperity to Ireland" said that they had there a distinguished guest in Mr. Lemass, Minister for Industry and Commerce, who would address them on matters very near and dear to the hearts of accountants, namely, the development of the country and the setting up of new industries. In these matters the position of accountants would be a very important one in the assessment of costs and the proper preparation of accounts. There was need for new company legislation, but he was glad to say that Mr. Lemass had not lost sight of that, and an official was at work on it so that it would be coming along. The Society of Incorporated Accountants exercised a very important function in the world of commerce and the examinations were very severe, but not too severe for the student who devoted his time to careful study. The Society was established in 1885, and their first Secretary, Sir James Martin, was still in very good health, and they wished him many years of useful work. (Applause.)

Mr. SEAN LEMASS (Minister for Industry and Commerce), replying to the toast, said that the problems associated with the methods by which prosperity could best be achieved were bound to be controversial. The problem of how prosperity could best be secured was linked up with the problems that other countries were trying to solve—problems which recent international conferences had tried ineffectively to tackle. In some quarters it was supposed that the particular problems that were causing them concern had arisen from one cause, when in truth they arose from a number of causes. It was for their country to study experiments in other countries, and, if practicable, to relate them to their own problems. They would not even have solved their problems if and when they had reached an arrangement with Great Britain that would enable the ordinary channels of trade to be reopened. The problems that existed were there when there were no impediments to trade, and when there was one Government operating for the two islands. The path

to the future appeared clear. They must accept full reciprocity as a basis for international trade. The toast was that of "Prosperity to Ireland." There were those who came from the North, and he wanted to assure them of his desire for their prosperity. It might be that views might differ as to how prosperity could be attained. Those in the 26 counties hoped that prosperity would be the lot of the people in the North, and trusted that circumstances would develop that might enable them without any mental misgivings once again to secure the unification of the country. Partition had produced economic problems. He did not know that the ending of partition would not produce another set of problems. Whatever they might be they were prepared to face them, if they could secure the unification of the Irish people and work for the prosperity, not of separated parts, but of the whole. (Applause.)

Mr. J. F. MONKS (City Treasurer), proposing the toast of the "Society of Incorporated Accountants and Auditors," said that the part which their auditors and accountants played in the community and in the financial life of the city and country needed no commendation. Their services insured probity.

Mr. WALTER HOLMAN, F.S.A.A., responding to the toast, said that he was conscious of the honour to represent the President of the Society of Incorporated Accountants and of the invitation of the Society in Ireland to be the guest at their annual dinner. He had read recently that Dublin had "grace and tradition." Those words could truthfully be used to describe the Society of Incorporated Accountants in Ireland, which had long since passed the adolescent stage, and in its early thirties was a strong and virile organisation, ably led and comprising members in Northern Ireland as well as in the Irish Free State. No one could pretend that recent developments in the Irish Free State had not been the subject of anxious interest to all British people. The policy of industrial development, which had been referred to by the Minister that evening, would make heavy demands on the expert knowledge of professional accountants. No industry could be successful in the modern world unless it was efficiently and scientifically managed. For that purpose, full use must be made of all available knowledge of statistics in factory management, and of cost accounts. Protective duties could never be permanently effective substitutes, and he suggested to members of the Society in Ireland that they must be prepared to assist so that the development should be on the right lines. Although that would make heavy demands on Incorporated Accountants, it would also present golden opportunities. Whatever their views might be as private citizens, as professional men they had no politics, and it was their duty and their privilege to do their utmost to assist the development and expansion of the industry of the country. (Applause.)

Mr. E. M. FORDE, A.S.A.A., proposing the toast of "The Guests," said that there were signs of development of industries everywhere throughout the country.

Mr. D. H. PEARSON (President, National Agricultural and Industrial Development Association of Ireland) said that 200 factories had been established recently.

Mr. THOS. GEOGHEGAN (President, Institute of Chartered Accountants in Ireland) also responded.

The proceedings terminated with the toast of "The Chairman," proposed by Mr. ERNEST E. EDWARDS.

On December 9th, Mr. Walter Holman, F.S.A.A., addressed the Dublin Students on the subject of the Society's examinations. There was a large attendance, and the questions put to Mr. Holman showed that they were keen to take advantage of having with them one of the Society's examiners.

ACCOUNTANT'S CHARGES DISPUTED.

Mr. Harold Alexander Leach, Chartered Accountant, carrying on practice in Windsor House, Victoria Street, London, W.C., was the plaintiff in an action commenced before Mr. Justice Roche in the King's Bench Division recently in which he claimed £1,516 from Mr. Henry Higinbotham, builder and estate developer, of Slough Lane, Kingsbury, Middlesex. That sum, he alleged, was a balance due of fees for work done as an accountant in connection with income tax affairs on defendant's instructions.

Mr. Blanco White, appearing on Mr. Leach's behalf, on the instructions of his solicitor, Mr. W. E. Borwick, explained that Mr. Higinbotham, who was a wealthy estate developer, erected no fewer than 419 houses and shops, and in 1929 he was worth about £218,000. He had paid income tax under Schedule A, but no super, or sur-tax, or Excess Profits Duty, and only sums under Schedule D when they were concerned with minor businesses in which he was interested.

The Income Tax Authorities became active with regard to him in 1922, but got little or no satisfaction. In the end, Mr. Higinbotham was pressed to provide some sort of account and he engaged Mr. Leach to deal with his affairs. Eventually Mr. Higinbotham paid to the Revenue about £45,000. The amount of work done by Mr. Leach was tremendous, said Mr. Blanco White, and it was not made easier because of the reluctance of defendant sometimes to give full information. He claimed three items: (1) Work done between November, 1928, and November, 1932 arising from matters between March, 1909, and February, 1929, the total fees being £1,582; (2) work done between June, 1930, and November, 1932, on affairs since February, 1929 (fees £529); and (3) work done on the "Robert Nash" account (fees £54).

The defendant had made allegations of negligent work against Mr. Leach on which the decision of the Court was desired. He asserted that, because of that negligence and the incompleteness of the accounts prepared by the plaintiff, he had to spend about £150 in getting other accountants to complete the work. He made particular reference to the absence of a reliable capital reconciliation statement. If there was such a thing, it was due to the reluctance of defendant to give information, and to the non-inclusion of properties about which Mr. Leach knew nothing. Mr. Higinbotham, remarked Counsel, seemed to think that the only thing an accountant did was to go to the Income Tax Authorities and "talk things over," and when plaintiff sent in his bill, defendant complained of the "huge" sum he charged. However, he made promises to pay, but failed to keep them.

Mr. Leach gave evidence and was cross-examined at some length by Mr. S. L. Porter, K.C. (for the defence), on the method by which he arrived at his charges. He denied that he was blamed by the Income Tax people for delay in preparing the accounts of defendant's affairs, and that he pleaded pressure of business. A complaint was made, now, by the defendant, that a reconciliation statement was inaccurate and incomplete, and a charge of negligence was levelled at him. Such a charge was ill-founded and unfair, for one of his difficulties had been that he could not get full particulars of defendant's bank books and properties before 1920. Mr. Higinbotham also complained about the figure given of his living expenses, but Mr. Higinbotham had lived very economically, and the figure he could justify as living expenses, especially in the earlier years, was £200 a year.

Mr. Porter said he did not make a great point of that, but it all went to support his plea of negligence.

Mr. Leach denied that he had charged too much for principal's time and too little for clerks' work. He devoted his time to his client, his solicitors, and the Income Tax Authorities, and supervision of the work by the staff.

Mr. Porter said he wished to make it clear that no one in that action was making any attack on the care or ability of Mr. Leach in certain circumstances. What he (Counsel) did say was that here was a young man who had been working under supervision, and he undertook this work, and was faced with the difficulty of getting proper accounts and information from banks, &c. One was entitled, Mr. Porter maintained, to say that either the charges or the time occupied in the work must come down. There was, too, the fact that no proper diary was kept, and there was a change of clerks from time to time.

Mr. Robert Stewart, managing clerk to Messrs. Allen, Kellie & Co., Chartered Accountants, of Victoria Street, London, who was called in to deal with the affairs of Mr. Higinbotham, said that up to February, 1929, plaintiff did not submit a capital reconciliation account. It was the practice of Accountants to keep a diary in which were recorded particulars of the time occupied in the work.

In cross-examination by Mr. Blanco White, Mr. Stewart said he was aware that it took the plaintiff a considerable time to get bank balances at various times from Mr. Higinbotham. The witness agreed that Mr. Leach did a considerable amount of work, and also secured a provisional settlement with the tax authorities on behalf of Mr. Higinbotham.

In giving judgment, Mr. Justice Roche said he did not think there was any lack of skill or diligence on the part of Mr. Leach. He thought the defendant was acting like the proverbial ostrich and in certain matters sought to keep Mr. Leach in the same position. That was the cause of any difficulty in the preparing of the accounts, and it accounted for the charges being higher than they otherwise might have been. More time was taken. The only criticism of Mr. Leach to which Mr. Justice Roche said he was able to give effect was that when these matters happened he did not have his offices as fully organised as he no doubt afterwards did. That did cause a certain protraction of time and for that reason he would reduce the amount of £1,350 odd, which was now the amended amount being sued for, to £1,210.

Judgment was accordingly given for Mr. Leach for £1,210 with costs, and it was directed that £500 in Court should be paid out.

ACCOUNTANT OFFICERS, R.N.

Paymaster-Captain G. B. Osborne, Senior Accountant Officer at the R.N. Barracks, Devonport, presided at the fifteenth annual dinner of the R.N. Accountant Officers' Dining Club, which was held in London on December 15th. Four Accountant-Officers of the Reserve Forces were entertained as guests, one of them being Paymaster-Commander A. A. Garrett, R.N.R. (Retired).

The Senate of the National University of Ireland have appointed Mr. C. Hewetson Nelson, F.S.A.A., External Examiner in Accountancy in connection with the B.Com. degree.

The City Editor's Weekly Round.

AN address delivered before the Incorporated Accountants' Students' Society of London and District, by

Mr. A. S. WADE,

CITY EDITOR, *The Evening Standard*.

The chair was occupied by SIR STEPHEN KILLIK, J.P., President of the Students' Society.

THE PRESIDENT: It is my pleasant duty to introduce to you the Lecturer this evening. He really requires no introduction, as he is a very old friend of the Society. Most of you, no doubt, have heard him before, and that, I am sure, will make you anxious to hear him again. He has had a romantic career, which has culminated in his filling one of the positions in the City upon which many journalists cast envious eyes.

Mr. A. S. WADE said: I confess to being in quite a dilemma to-night. I selected a subject which, in the first place, I thought would be a very easy one to talk about. I thought, too, it might be interesting to other people, and that if I treated it in the right way, it would have some elements that would be a guide to you, as well as to myself. But the things with which one is most familiar, when one comes to analyse them in reflection, are not always easy to talk about. One thing is certain—I could not possibly give a formal lecture on the subject I have chosen for to-night, "The City Editor's Weekly Round," simply because any man who could "lecture" on his own job would not, I think, be welcome to his audience. I can talk about it, and I am going to do so.

For the purpose of description, and nothing more, I have set out in the summary which you have in your hands the kind of routine which a City Editor and his staff have to deal with. They cannot neglect it. It is curious, when we come to think down to matters, how much of our lives is made up of routine. Probably if we were to analyse it out, we should find it an even greater percentage than we are usually conscious of. The same old walk from the home to the station, the same old line, the same old trudge or bus to the City, and then the same old tasks for a good part of every day. I do not despise routine. As a young journalist, a good many years ago, I had an enormous amount of routine work to do, and I shall always be thankful for it. I say this to the young men and young ladies, that it is the hard gruelling of routine tasks which prepares one most excellently for the bigger things, the things requiring originality, later on in life.

From the summary you will see what the routine is. I am not going to speak in detail about any part of it, but you will see that we are very busy, very active creatures and that every day we get an allotted number of tasks which must be looked after. Of the importance of those tasks I think most of you will have some appreciation. Among them are such things as trying to get the best information about the Stock Exchange, the Money Market, commodity prices, and those very troublesome things of these days, foreign exchanges. Then there is the steady routine of the incoming of company reports, the necessity of reading them at express speed, and catching the next edition. Finally, and in my judgment perhaps the most important of all, there is the collection of thoroughly reliable news about industry and commerce. Let me break off for one moment to say that ever since I went into the City I have been harping on the fact that industry is the foundation of the success of the country—that it is necessary first to have a rich, powerful, well-guided and prosperous industry before you can have the same sort of

qualities in your country. So while I place that at the end of the list of daily tasks, it is not because it is the least important.

Then, of course, every week there are recurring tasks, such as tenders for Treasury Bills on the Friday, and on Tuesday night the weekly Revenue figures, which are most interesting in these days, and which, I think, are consistently misread. May I break off again to say that the rapturous talk that there has been during the week-end about the national revenue should be modified somewhat. It is rather difficult, when people are determined to be optimistic, to run against the grain, nor do I think there is any need to discourage optimism. But one fact is that in these national revenue receipts £10,000,000 has been taken from the Depreciation Fund of the old War Loan, which was brought in towards the end of the year; another fact is that there have been some of the very largest deceased estates which have yielded—but they will do so only once—a very heavy revenue, and finally, we have made only a token payment toward the American debt. I mention these matters to show that the City Editor, if he is going properly to fulfil the functions which he has undertaken, must not always look at things through the eyes of the ordinary man. Like the accountant, he has to apply his own individual criticism—and I use the word "criticism" here in its best sense, which is not carping—in the examination of these matters, and in the expression of a view which is built upon definite analysis.

In addition to the things I have mentioned, there is the Bank of England Weekly Return, and the less said about that the better. I say that for the simple reason that the more you try to read the return and understand it, the further away you seem to get from actualities. I do not say the return is not all it should be; I only mean to say that it requires a key, and nobody yet has vouchsafed to City Editors that requisite key. We can make something out of it, but since the Exchange Equalisation Account began to operate we can make less and less. I do not need to repeat old stories about the Bank Return. I simply say that although I have to interpret it at times, I despair of ever being confident that I have made the right interpretation. Our Chairman will agree with me that humility in that case is, perhaps, the best possible thing. Nevertheless, it has to be gone into, and one has to make the best possible deductions from it that one can.

Then there is a fortnightly task which I take upon myself of trying to find out whether people are speculating too much, and in what particular markets, and how the position stands—whether it is going to throw a good outlook upon particular markets for the next Stock Exchange Account. That is a task which in many cases involves quite a lot of inquiry. What would come to our distinguished Chairman by instinct and intuition has to come to us by the laborious task of asking all sorts of questions of all sorts of people, from which ultimately we manage to get some kind of idea.

The Summary shows you what we have to do monthly. There are the Board of Trade returns; Clearing Bank figures, London and Provincial; Bank reviews, American, British, and some Continental; Unemployment returns; retail trade, and various industrial figures.

I think the best figures of all are those which do not require that I should put things in some sort of order before I pass them on. I regard the daily report of the Stock Exchange, Money Markets, and Foreign Exchanges as being the very essence of the kind of news and interpretation the papers should pass on to the public. I think if they give a record of movements it is worth something, but if they give a record of movements with some sort of reason and cause for the movements, it is worth a great

deal more. No newspaper has any right to be ranting—if I may use that expression—about policy of any kind until it has fulfilled this very important task of giving its readers the City news of the day.

Passing from that, I think the monthly figures which I have mentioned in this summary very highly important. Nowadays they are proving tremendously so because of the encouragement we are getting from declining unemployment, rather better monthly trade returns, somewhat better clearing bank returns, and, on the whole, better figures from such industries as send any figures along. I like to think that in my particular office, and I believe in every other office, these are most carefully examined and their meaning passed on, as far as the City Editor can be the interpreter, to the public. I consider that in the future they are going to play a much more important part than they do.

I have devoted a good deal of time to this matter of the routine tasks, and, after all, they are the body of the City Editor's work. But, as you know, on top of routine, the City Editor has several other things to do. He must go out to collect—and when I say "City Editor," I mean the whole of his staff—information which shall be worth while. The rule for all beginners—and this applies to every profession—is to regard what comes easily as relatively not worth while. I like to think that the newspapers of this country are not taking only that which walks in on its own legs. That sort of information is always easily obtained, and if there had not been so much of it used in the year 1928, things would have been a lot better in the succeeding years. The collection of information is vitally important.

Unfortunately, one has to give judgments. I daresay it seems to some of you, when reading your paper, especially if you do read the City article, how enjoyable it must be for a City Editor to sit down, pen in hand, and pontificate on any subject that comes to his mind; and if it were as easy as it seems to be, I myself would be amongst those who would be rather amused. But what in fact is true is that if a man takes any sort of serious view of the work he is doing, the formation of judgments is probably the most difficult part of his task, and one which gives him the greatest amount of worry. He should, and does, go out to collect knowledge about the subject on which he is going to write. He asks his friends for their judgment upon it. They very kindly, in most instances, are willing to give some sort of opinion as to how they feel and how the subject should be regarded, but many times when he comes to think it over he has to throw aside the very valuable assistance which has been given to him by other people and start out on a line of his own which is in keeping with the policy of the paper—perhaps the policy which he himself has set for the paper, and which falls in with the general political line of the publication. It is only on the very big subjects that that will arise, but they are the subjects most interesting to the public. And so I beg of you, as a very humble City Editor—I mean humble in the sense that I seek from others and from myself guidance towards the right line—I beg of you not to think that in this job there is anything but a high responsibility, felt to be such by the men who have to carry it.

Now I have given a good deal of research to the subject before giving this address, and I have been amazed to find the enormous change which has taken place in City journalism since pre-War days. If you could get the newspapers of those pre-War days you would find that very often the City article was a record of movements in this or that market, fractions playing leap-frog with each other in the course of the article, but never very much attempt to deal with big and broad policies. What a small

market there was in the old days compared with to-day! Not millions, but thousands of millions have been added. Think of our own National Debt, which has increased ten-fold, the debts of many municipalities, which have been increased three or four-fold, the debt of the Dominions, which has been increased proportionately with our own, and the intensification of borrowing the whole world over, after the war stopped, and you get some idea of the great change and the greater multiplicity of things there are to deal with.

But in looking over the City articles of pre-War days, I came across several very fine instances of most outspoken and really brilliant attacks on shams and frauds in the City, which brought to a head great and grave scandals. I believe that since then it has grown impossible for such free comment on financial matters to be made within the law of libel as was made, to my knowledge, within ten years of the outbreak of the War. One of the great difficulties of the City Editor is that he has always to keep well within the very straight and narrow path which the law of libel lays down for him, and it is perfectly right it should be so. It is an encumbrance on many occasions, but the restriction and the prevention of talk upon personalities is part of the very essence of our English sense of justice.

As I have said, comment then was largely a record of the movements in the markets—such tiny movements compared with what they have been since. Quite a thrill seemed to go through the City of London when a million of gold had to leave the Bank and go to America, and if another million followed that, heaven knows! things were getting very bad. Of course, with the small gold stocks they had then it was probably all right.

Then, of course, London was unmistakably not only the supreme money centre, but in a sense the *only* money centre. New York has tried and failed once to take that position, and will try again. Paris has tried, but has not got the groundwork; but she will try again. But London in those days was something to write about. It was the only really great money centre of the world, and one finds, in looking back over those old writings, how clearly and how definitely this was sensed by the writers. There is a difference now. Other money markets have grown. I do not mean there is a difference in the relative position of London, because I believe that London has, since we went off gold, re-established its hold. It lost ground when we went off the gold standard in September, 1931, but ever since the end of that year it has been gradually re-establishing itself, and to-day, for all matters of purely international business, the London market is again getting to be—indeed, it *is*—supreme. Well, that is something to be very proud about.

In pre-War days it was never necessary to deal with these big questions which have been worrying us in the past five or six years, or, shall we say, in the whole post-War period. Money policy, which has taken up so much time and space in journals, and about which every publisher seems to have published a dozen or two books—money policy must every now and then creep into the City Editor's mind, and find an outlet through his pen. But there is one curious thing about money policy which does not at first strike you, and that is this: because it is the most difficult financial subject with which one could possibly have to deal, you find that almost every man you meet has his own monetary policy, and a solution for the monetary difficulties. That is the most extraordinary phase of these years. Never can a man who is conducting the City comments of a newspaper branch off into some (as he thinks) quite original remarks about gold and what we ought to do, than he brings down upon himself numerous

readers who know better and are quite prepared to argue why we should follow certain lines which they have invented. That is rather a bad sign in one way, and rather a good one in another, because before the War you could easily have counted the people, not only who had a monetary policy, but who knew anything about the subject. It was only the economists, a few City Editors, a few teachers, naturally the Bankers, and a good many, I hope, in the Stock Exchange, who really knew anything about it. But to-day men have become conscious of the water under the boat. They know perfectly well now what was not realised in the old days—that whenever monetary policy changes, it affects not only the City of London, not only the Bank of England and the Big Five, and the Stock Exchange, but the flower woman and the newspaper boy, and others of that type who stand selling their wares round about the Bank, and who might be supposed to be outside its orbit. That is why I regard it as a good sign that in these days a great many people like to read and think and write you about monetary policy, but as a bad sign because it leads to such a tremendous amount of half-baked suggestions and opinions in our literature.

Think of all the wild things that have been suggested in the past two years. Many of them have taken up time. Many have been examined by special committees of Members of Parliament—I do not mean officially appointed—who have cut themselves off from the rest and have sat in Committee Rooms at the House and gone into them with their authors. I daresay a certain residue of benefit will come. I am going to say this, for the benefit of those who read my own writings on monetary policy: that when we are doing badly as a nation, when trade is bad, and when there is no chance of making a turn anywhere, we are very like a sick man, to whom the most trifling noise or the most insignificant draught of air is irritating and troublesome. When we are not feeling well we become conscious of things which in our ordinary life sink into the background, like our breathing and so forth—the involuntary actions. I think it is just the same with monetary policy. We have become acutely conscious of it because, in the first place, it has been affecting us; but the acuteness of our consciousness of it has been due to the fact that the whole body of industry and finance has been in this irritated, nervous, run-down state. If only industry does go on with the revival which has now commenced, I am perfectly certain that all sorts of monetary theories will drop quite away for a long time, and a man will be very unpopular indeed if he begins to raise monetary doctrines once trade is well. When the Devil was sick he made up his mind to be a saint—he made up his mind that his organisation would be perfect. That is what we have been doing, and all the argument and discussion that has gone on will leave permanent elements for good in our financial and social system.

Let me now pass on to this. What is the basic work of the City Editor? I think first of all it is to find out about the condition of trade; to watch, with the accountants, company finance, keeping his eye on the figures to see whether they are being presented properly by the companies; keeping his eye on the prospectuses that appear, and so on. That is where we have joint work. Then he must tell his readers what is the very best that he can learn and think about investments. Sometimes he must attack a market, though its shares are very popular, and in that connection I would advise him to beware of the gold-mining market, because my experience of that is that they will try to mine underneath you; they will not like any kind of strong view you may express unless it is a strong view in the direction they wish the prices to go. That is their business—I do not blame them—but my

business is sometimes the opposite, and every City Editor should reserve the right to attack anything which he thinks and has good reason to feel is going the wrong way.

In regard to our markets, I think we are developing to a state of bigger markets and more international securities, although America has rejected quite a number of British shares which she made markets for in 1928 and 1929. She has now turned them back home because there is no longer a market in them. But I think the future development of markets is precisely along the line that the shares of great companies will be internationally marketed, and I look on that as not a bad thing.

I want to finish up with a word or two about statistics, because they probably interest you as much as anything I have said can do. I used to be an advocate of every kind of statistics. I wanted to see the engineering industry, the cotton industry, and all the others, tell me month by month exactly what they were doing. I am not so sure now that the publication of statistics pure and simple, and by itself is of any great value except to the economists who can make use of them. I am afraid that statistics have not any great practical value to the public, unless they are handled in a way that will give them the correct interpretation, or as near the correct interpretation as can be obtained. I beg you in this connection just to look back. During the worst phases of the slump, how monotonously and how regularly did we get, once a month, a statement of increasing unemployment figures from the Ministry of Labour. At that time I think the number of *employed* persons was up, but no sort of guidance was given. The actually employed population, at any rate, was not falling very heavily, but month by month you got a statement that there were some thousands more unemployed, and every time the figures came out men went about their business with a real load upon their minds. That is an example of what I am getting at when I talk about statistics. I would have liked to see those statistics at that time accompanied by some sort of sane and human explanation. I did not want to see them painted optimistically, but I wanted to see them so explained that they would not lead to the bluest of blue pessimism. I do not say that this explanation should have been made encouraging, because there were moments when we could not be encouraged, but at no time throughout the slump in this country was there any period when something could not have been said in connection with the publication of those statistics to show that they were not entirely as bad as they seemed. Let us take an analogy again. I do not think it is of any advantage for the doctor to go to his patient and say, "My dear fellow, you do look bad this morning." I do not suggest that he should say, "My dear fellow, you ought to be out of bed, you are so well." That was the American idea. He should do something between the two. I want to see something in our statistics, if we have to have them, which will explain them, and I shall not again advocate the publication of statistics without this intelligent interpretation. (Applause.)

Discussion.

Mr. A. E. WEBSTER, Incorporated Accountant: I am sure we are all very much obliged to Mr. Wade for his interesting lecture this evening. The only point I would like to refer to in it is his observation on the difficulty of interpreting the weekly Bank Statement. I think it is rather simple. The Bank Statement is divided into two parts, and you will find, if you analyse it, that the Governmental and Bank of England note issues are shown separately and that the whole of the issue by the Bank of England of its notes is covered by gold. But when you come to the £260,000,000 of the Government fiduciary issue—which is a euphemism—you find it has behind it a sum of only a little over £3,600,000 in silver. That is the only real cash security there is for the £260,000,000.

Government securities, after all, are merely paper issued by the same people. If you divide the Bank Statement in that way, I think it is always apparent what the position is as shown by the Bank Statement. If the Bank of England figures were separated from the Government issue, you would have quite a clear idea of the state of the Bank of England and also quite a clear idea of the actual paper issue position, and really that division is a very simple one.

A STUDENT: I would like to ask Mr. Wade if, in his opinion, the present stage we have reached in the understanding of monetary theories is such that there is unanimity among the experts, and therefore it is not fair to bring forward theories which are not accepted by economists.

Mr. C. E. WAKELING, Incorporated Accountant: I would like to express some disappointment and fear at one of the remarks made by Mr. Wade. In amplifying his statement about the changes in City journalism since pre-War days, he said he had turned up some of the pre-War papers and was most interested to find that the ramps of those days were fully discussed and disclosed, but to-day the newspapers could not do that because of the law of libel. That is a retrograde step, and it seems to me that if a company, which is a public individual in itself, does something it should not do, it is the duty of the newspapers to expose it. We have all sorts of exposures made regarding our politicians, parsons and City magnates, yet Mr. Wade is afraid to tell us when a company is a ramp because his paper might be sued for libel. I believe it is possible to insure against damages which may ensue as a result of libelous publication. In any case, there is always the judge and jury who assess the damages, and provided the libel is not malicious I do not see why he should not take us back to pre-War conditions by exposing these ramps.

Mr. BACK, Incorporated Accountant: It certainly is a matter of the greatest importance that one should feel, in reading the interpretations of the City Editor, that they are his own unbiased conclusions. Then in his other observations Mr. Wade deprecated the publication of statistics unless those statistics were accompanied by that kind of interpretation which a Government Department would place upon them. I suggest that it is the function of the City Editor to interpret the statistics. A Government had far better leave interpretation alone, because a Government's interpretation would almost inevitably be tendentious and governed by what it wanted the people to think at the next election.

Mr. WADE: It depends on the distance from the election.

Mr. F. C. DAY: Are the large newspapers never asked by the Government to assume any particular policy, or to suppress any information in regard to important financial matters? For instance, when the great Government Conversion scheme was put through, were the newspapers asked to assist the Government in that policy?

Mr. WADE: I ought to answer that straight away. The idea that newspapers are inspired in that way is pretty widespread, but we are not asked to do any more than the ordinary citizens are asked to do. In the case of the Conversion Loan, we were asked to give it our benediction if we could. Of course we could, and they felt we could, and every investor was asked to make the sacrifice. On the whole, whatever the future consequences, the immediate necessity was for saving somewhere, and as it happened, this was one of the easiest forms of saving. My own feeling was that I could have supported that a great deal better if there had not been a 5s. per cent. commission to the brokers. I think it ought to have been much less.

Mr. E. J. GAMBLE: There is one point upon which Mr. Wade may be able to guide me, and it is in regard to the Board of Trade Return of the figures of imports. If, for instance, an importer buys goods to the value of \$20,

how does the Board of Trade convert these figures into sterling? What rate of exchange does it take?

Mr. WADE: I think that will not fall to them. I am not quite sure how they handle it, but obviously everything arriving at our ports has, by the time it arrives, a sterling value of some sort. Many of you may be much more familiar as to what method is followed.

A MEMBER: They convert it at the current rate of exchange of the day.

Mr. WADE: Of course, if the transaction is done by documents, there is the rate of exchange on the documents, and that settles the sterling value on arrival.

Mr. S. AHMAD: I should be much obliged to Mr. Wade if he could enlighten me on these two points: Firstly, about the American monetary policy, and secondly, what, in his opinion, is the reason for the Consolidated Loan to be quoted at such a low rate, while the present new loan is being quoted at 94, seeing that both of these bear only 2½ per cent. interest?

Mr. WADE: I ought to have given a little more time to what I had to say about the Bank Statement. I meant not so much the difficulty of understanding the structure of the thing, the note cover and so forth, as the difficulty of realising what processes were going on behind the Bank Statement. When you get the balance sheet of a company you have some acquaintance with, you can realise what is behind the figures. They are a snapshot of the company's affairs at a certain time, but you can see that certain changes have been taking place, and you can give a meaning to them in nine cases out of ten. My point was that in reading the Bank return from week to week you cannot make out definitely what in particular has produced the changes you see there. For instance, everybody knows that before the Exchange Equalisation Fund came into operation there were enormous exchange transactions at the Bank itself, but there were no figures in the Bank Statement which gave you an idea of those exchange transactions, or of their nature. It was that I was thinking of. Now with regard to the present stage of monetary theory, if I had time to lecture upon that subject alone I think I would press it to this point: that in monetary theory the world has made an advance since the War probably equal to anything it did in the previous 200 years. The number of people who understand questions of currency and what currency is, the backing of currency, and what a gold standard means, is immensely greater than ever it was. But on the practical side I do not think we are very much advanced. It is so big a thing. Like readjusting the generator in an electricity station, it is so big that nobody wants to try a new experiment. They feel that gold has acted as a standard for so long, and, on the whole, in their view, so successfully, that they do not want any experiment. So you cannot say that in general there has been a great advance in that direction. The advance that has taken place on that side is that you now have here and there leaders, both in banking and statesmanship, who think if only the world was a little bit better trained it would forget about the necessity of holding gold, except as a means, pure and simple, of settling the balances of international accounts, and would actually prevent the movement of gold from country to country except by way of settling those balances. That, I think, will be the step when we come to stabilisation. As regards Mr. Wakeling's point, I do not go quite so far as he did. I do not think there is any harm in exposing a ramp if you know it to be a ramp, but there are so many things which you feel intuitively are wrong, but which legally and in all the little details are right. Your difficulty is not when you condemn the ramp, but when you mix up one of these border-line cases; and, as I said, I believe in the protection of people from being so mixed up. There are a lot of people who are not frauds, but fools. It is very wrong to have fools knocking about, but you cannot accuse the fool of what the fraud does, although what he does is just as bad; it has just the same effect, but you must not confuse them. There are notable cases which, if you thought of them, would frighten you. A certain periodical has been making some remarks about a

corporation and wasteful expenditure, I believe, and the corporation is taking up a libel action against the periodical. Once, by a slip, a man I knew happened to say that a very well known company was thinking of increasing its capital and making an issue to its shareholders. It was a statement that had been going round the market for days. The company took action, because it was not in fact the case, and the paper had to pay—and pay rather handsomely—to keep it out of the Law Courts. You have no idea where these things stretch to, so it is no easy matter. If a man plays for safety, too great safety, I think he is wrong. I do not think anybody will accuse me of having played too greatly for safety. With Mr. Wakefield, I would like to see the frauds and fools attacked, not on the same grounds, but on the grounds that as far as the investor is concerned they are just as big a nuisance. I have answered the question about the discount. Mr. Back raised a very interesting question. Speaking generally I myself know of no branch of journalism where the freedom of an editor to take his own line is quite so great as in the City columns. But, generally speaking, no paper is much good that runs different lines of policy on different pages. I like a paper that can and does give its distinguished contributors the right to express their own peculiar views, perhaps with a note to say it does not pledge the paper to them. But it would be foolish to have, for instance, the leading articles of a newspaper advocating some sort of change in the gold standard, and the City Editor sitting down and saying, "That man is writing nonsense. What you want is the good old gold standard." (Laughter.) So for the sake of consistency on the really big questions, whatever may apply in the case of smaller matters, it is necessary to have one policy which appears in all the newspaper's expressions of view. I did deprecate statistics upon present lines. I am not sure as to the best interpreters. I think, if left alone, the Government people would be, but I agree that if an election was approaching, and it was a very useful thing to put up some nice fat figures of progress, it might be done, or the ordinary figures could perhaps be given a special twist. But I do not think it would happen very often, and if it were done deliberately it would receive its corrective. The reason I raised the point is not that I thought the City Editor should not interpret them, but because statistics get everywhere, and the City Editor's comments do not. I would, therefore, like to see them interpreted at the source. It is an idea for people to think about. Finally, there is the point about the difference in the price of these two Loans. The reason is that one has a definite date of redemption, while the other is practically a money stock, and will move up and down with money, and you do not know when it will be repaid. When you have a definite date of redemption you can calculate quite definitely what it is going to yield you up to the time when it is redeemed. Secondly, you can get a pretty good idea of what the price is going to be in the interval; you know it is not going to fall away much. One of these particular loans, for instance, is down to 74. You know the other will not fall to 74. The fact that it has got a redemption date will be a means of keeping its price tethered nearer to its par value. In regard to American monetary policy—well, I will give it up. (Laughter.) I have been trying to read the signs. But I would, in conclusion, like to say this: Mr. Roosevelt has power to devalue the dollar to 50 cents of the old dollar—that is, half the gold content of the old dollar. It has already devalued itself by about 40 per cent., and I should very much doubt whether, taking a long view and remembering America's relative position to other countries—by which I mean she has to bear in mind she is a creditor nation, and in normal times she has an export balance—I very much doubt if any devaluation beyond what has already occurred would be wise. I think they have come to feel this within the last month or two. The probability is that the dollar is a little under-valued, and that it would be unwise to attempt to put it any lower. That is a matter of personal opinion, backed by what I have heard from many American banking and professional people. When

they get down to the debt negotiations this next week, I think it will probably bring to a head their policy on stabilisation of currency. I do not say it will mean immediate stabilisation, but our authorities will get to know where America stands in that matter, and I have got every confidence myself that within six to twelve months—twelve at the outside—the currencies of the leading countries like our own will be on a basis of stabilisation.

Mr. W. STRACHAN, Incorporated Accountant, who had taken the chair owing to Sir Stephen Killik's departure for another engagement, in calling upon Mr. Holman to move a vote of thanks to the Lecturer, said: We have listened to a very interesting address by Mr. Wade, and I am sure we have all learned a good deal. He has told us about his daily, weekly, fortnightly, and monthly rounds, but I think behind that work there must be a great deal done in his office by his own staff. There must be a vast amount of information collected and summarised there upon which he bases his opinions. On another occasion, perhaps, he will tell us something about it.

Mr. WALTER HOLMAN, Incorporated Accountant, in moving a vote of thanks to the Lecturer, said: Mr. Wade has classed himself amongst those who take a high view of their responsibilities as leaders of public opinion, and because I believe he does take his profession seriously I want to ask him whether he thinks that arriving at judgments and decisions, described by him as the most difficult part of his weekly round, really comes within his province at all. Is it really the function of an editor, whether of the money column or of any other part of a newspaper, to come to decisions and to deliver judgments? I put it to Mr. Wade that the duty of journalism should be to reflect opinions, not to mould them; to give the pros and cons of questions, and to leave it for readers to form their own judgments. That, I submit, is proper journalism. It is not the journalism of the paper which has the privilege of Mr. Wade's services, or of any other of the popular press, but I put it to Mr. Wade quite seriously that in attempting, as the papers do, to mould public opinion, they are going outside their proper function. Our Lecturer's views on this point will, I am sure, increase our indebtedness to him for his interesting and useful paper.

Mr. H. E. COLESWORTHY seconded the vote of thanks, which was heartily accorded.

Mr. WADE briefly expressed his thanks, and in reply said: Mr. Holman has raised a very large question. I am not with him. I have come to dislike entirely the kind of newspaper which says: "On the one hand we have got this; in between we have got that, and on the other hand we have something else. So make up your own mind." In regard to news, I am perfectly certain that a newspaper must be a mirror—a reflector. It ought to be. That is my ideal. If it is going to state that there are certain facts, it must get the facts. On that side it should be a mirror; it should be totally and absolutely dispassionate. If it gives what a statesman has said or an accountant has done, or anything of that kind, it should give a purely mirror-like reflection. But I do think it should also be an entity, an individuality, a personality, if you like, and that when very big things in the national life arise it should not merely content itself by saying, "The Liberals say so and so, the Labour Party so and so, and the Conservatives so and so. Well, you make your own choice." I think it ought to have its own views. Many a man writes the views that are not his, I know, but a paper ought to have its own standpoint. It is an engine of some sort of progress. I should like to see the time when all newspapers will be working as engines of progress, with definite points of view of their own on all big things, and perfect impartiality in giving the news. That is the ideal newspaper—and I am hoping one day to see a copy of it. (Laughter.)

A vote of thanks was accorded to Sir Stephen Killik and Mrs. Greenland for the reception they had given to open the session, and to Sir Stephen for occupying the chair.

The Society of Incorporated Accountants and Auditors.

RESULTS OF EXAMINATIONS, NOVEMBER, 1933

Passed in Final.

Order of Merit.

ECCLES, GEORGE, County Treasurer's Department, Lancashire County Council, County Offices, Preston. (*First Certificate of Merit and First Prize.*)

JONES, SIDNEY, Clerk to Peat, Marwick, Mitchell & Co., 2, Park Place, Leeds, 1. (*Second Certificate of Merit and Second Prize.*)

KIGHTLEY, LEONARD, Clerk to Thomas Keens (Keens, Shay, Keens & Co.), 11, George Street West, Luton. (*Third Certificate of Merit.*)

MARSH, ERNEST ALFRED, Clerk to J. Jackson, Saint & Co., 22, Lowther Street, Carlisle. (*Fourth Certificate of Merit.*)

Alphabetical Order.

ALLAN, SYDNEY, formerly Clerk to Williamson & Dunn, 3, West Craibstone Street, Aberdeen.

ALLEN, SYDNEY ARTHUR, Clerk to Chas. W. Rooke, Lane & Co., 2, Norfolk Street, Strand, London, W.C.2.

APPLEBY, OSBORNE, Clerk to Harrison, West, Ledsam & Co., 14, Waterloo Street, Birmingham, 2.

BAILEY, CECIL, Clerk to F. W. Stephens & Co., Liverpool House, 15-17, Eldon Street, London, E.C.2.

BALL, ALBERT EDWARD, Accountant, Ashton-in-Makerfield Urban District Council, Ashton-in-Makerfield, Lancs.

BATTY, IVOR ERNEST, Clerk to Lucian J. Brown & Notley, Friars Chambers, Dock Street, Newport, Mon.

BAULF, WALTER JOHN, Clerk to Muir, Moody & Co., 20, Newgate Street, London, E.C.1.

BENN, ALBERT EDWIN, Clerk to Rupert Lindley, 21-22, Prudential Buildings, Ivelgate, Bradford.

BILLIMORIA, BHIKAJI SHAPURJI, formerly Clerk to Woodington, Bubb & Co., 5, Philpot Lane, London, E.C.3.

BIRLEY, EDWARD REGINALD, Clerk to James Gadsby (Samuel Edward Short & Co.), 17, Gluman Gate, Chesterfield.

BLACK, RICHARD ARTHUR (R. & D. Black), 44, Gresham Street, London, E.C.2, Practising Accountant.

BOSWORTH, WILLIAM JOSEPH SIDNEY, Clerk to Arthur H. Hall (Stanley Blythen & Co.), Victoria Chambers, Long Eaton.

BOWYER, JOSEPH, Clerk to Bournier, Bullock & Co., 36, Derby Street, Leek, Staffs.

BRADLEY, GEORGE, City Treasurer's Office, Salford, 3.

BROWN, WILLIAM, Clerk to Henry Chapman, Son & Co., Barrington Street, South Shields.

BUCKLE, RICHARD STANLEY, Clerk to T. Revell, Standard Buildings, City Square, Leeds.

BURNS, FRANCIS JOSEPH, City Treasurer's Office, Municipal Buildings, Dale Street, Liverpool, W.2.

BURRELL, EDGAR CLAUDE, Clerk to Playfoot & Co., Bank Chambers, 80A, High Street, Dorking.

BURSTOW, HENRY ERNEST, Clerk to Waterhouse & Francis, 20, Eversley Road, Bexhill-on-Sea.

BURTON, JOAN MARGARET, Clerk to Francis R. J. Cox (Cox, Sons & Co.), 12, Market Place, Faversham, Kent.

CALVERLEY, VICTOR AUGUSTUS, Clerk to Alfred S. Robbins, 42, Essex Street, Strand, London, W.C.2.

CHAUDHURI, NARENDRA BIJAY, B.A., formerly Clerk to C. A. Holliday & Co., First Avenue House, High Holborn, London, W.C.1.

COLE, RAYMOND GEORGE, Clerk to David Owen & Co., 47, Market Place, Warminster.

COLLAR, EDGAR RALPH, Clerk to E. Clarke Williams, 65, Oxford Street, Whitstable.

COOKE, CHARLES REGINALD, Clerk to Withnall, Carlyle & Co., 20A, Temple Street, Birmingham, 2.

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DOBSON, ALFRED REGINALD, Clerk to Fred W. Buzzacott (Buzzacott, Lillywhite & Co.), 16-17, King Street, London, E.C.2.

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GILL, LESLIE ARTHUR, Clerk to Paton, Boyce & Welch, 3, Piccadilly, Bradford.

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GREENING, RONALD CHARLES, Clerk to Carter & Co., 1, Laurence Pountney Hill, Cannon Street, London, E.C.4.

GRIFFITHS, CLIFFORD JOHN, formerly Clerk to Duart-Smith, Baker & Price, Albion House, King Street, Gloucester.

GRUNFELD, ISRAEL ZELIG, Clerk to J. Wallace Williams & Co., 5, St. Andrew's Crescent, Cardiff.

GUHA, SANJIB CHANDRA, B.Sc., LL.B., formerly Clerk to Fellows, Crabb & Co., 9-10, Foster Lane, Cheapside, London, E.C.2.

HARDING, ERNEST HAROLD CARSLY, formerly Clerk to Mann, Judd, Gordon & Co., 8, Fredericks Place, Old Jewry, London, E.C.2.

HARDY, JAMES EDWARD, Clerk to Metcalf, McKenzie & Co., 32, West Sunnyside, Sunderland.

HARRIS, REGINALD WILLIAM, Clerk to J. T. Sandland (F. Geen & Co.), Victoria Chambers, Liverpool Road, Stoke-on-Trent.

FINAL—(continued).

- HARRISON, ARTHUR CLIFFORD, Clerk to Thomas J. Groves, 14, Scarborough Street, West Hartlepool.
- HARRISON, HAROLD SYDNEY RIGBEY, Clerk to C. Geoffrey Keys (Clement Keys & Son), 71, Temple Row, Birmingham, 2.
- HAYES, LEONARD JOHN, Clerk to Oliver Lusher & Co., 2-3, Guildhall Chambers, Bury St. Edmunds (formerly Articled Clerk).
- HIGGS, OLIVE MARGARET, Clerk to Freda Wakeford (F. L. Rouse & Co.), 2, New Court, Lincoln's Inn, London, W.C.2.
- HILL, JOHN ROLAND, Finance Department, Surrey County Council, County Hall, Kingston-upon-Thames.
- HOGWOOD, VERNON WILLIAM, B.Com., Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.
- HOLMES, GEORGE WILLIAM, Clerk to C. F. Middleton & Co., 80A, Coleman Street, London, E.C.2.
- HOPKINS, FREDERICK ROBERT, Clerk to Blakemore, Elgar & Co., 9, King's Bench Walk, Temple, London, E.C.4.
- HUCK, FRANCIS GRAHAM, Clerk to Hugh O. Johnson (Mundy, Brewer & Johnson), 3, Wood Street, Bath.
- HUNTER, ROBERT JOHN, Albert Buildings, Armagh Road, Portadown, Practising Accountant.
- IYER, TIRUVISALUR SWAMINATHA RAMACHANDRA, M.A., formerly Clerk to V. K. Upadrasta & Co., 5, Thambu Chetty Street, George Town, Madras.
- JACKSON, HAROLD MATTLAND, Clerk to Dornton Duff, Cape & Dalgleish, Norwich Union Chambers, High Street, Chelmsford.
- JALIL, MUHAMMAD ABDUL, B.Com., formerly Clerk to B. P. Gharda & Co., 121, Esplanade Road, Fort, Bombay.
- JALUNDHWALA, RAMANLAL CHHOTALAL, B.Com., formerly Clerk to Dalal & Shah, 49, Apollo Street, Fort, Bombay.
- JOHNSON, ALMA, Clerk to G. F. H. Gardiner (F. C. Gardiner & Co.), Barclay's Bank Chambers, Newborough, Scarborough.
- JOHNSON, JOHN CROOKE, Clerk to Robert Hollows, Leaders Buildings, 33A, King Street, Wigan.
- KELLY, ROBERT MORRISON, Town Chamberlain's Department, Green Street, Kilmarnock.
- KHARÉ, MADHAV PURUSHOTTAM, B.Sc., formerly Clerk to Dalal & Shah, 49, Apollo Street, Fort, Bombay.
- KIDNEY, ROBERT ANTHONY, Clerk to Robert J. Kidney, 12-14, College Green, Dublin, C.1.
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- LANGMAID, JOAN CONSTANCE, Clerk to W. R. L. Jenkins (Hinton, Jenkins & Co.), 71, Bridge Street, Newport, Mon.
- LEDGER, JOHN EDWARD, Clerk to Tansley, Witt & Co., Old Serjeant's Inn Chambers, 5, Chancery Lane, London, W.C.2.
- LINES, EDWARD JAMES, Clerk to Woolger, Hennell & Co., Moorfields Chambers, 165-167, Moorgate, London, E.C.2.
- LONG, ROBERT EDWIN, Clerk to A. Assheton Lowe & Co., 12, Coleman Street, London, E.C.2.
- LUCK, EDMUND HENRY, Clerk to J. S. Mackenzie, Briants-puddle, Dorchester, Dorset.
- MCBRIDE, ANTHONY WILLIAM, Clerk to Styler, Fray & Whittington, 1, Dickinson Street, Manchester.
- MEPHAM, CYRIL CHARLES, formerly Clerk to Russell & Co., Gresham House, Sharia Suliman Pasha, Cairo, Egypt.
- MERTTENS, VICTOR HERBERT, B.A., Clerk to A. Dunstan Adams, P.O. Box 612, Nairobi, Kenya Colony.
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- MITRA, PROVAT KUMAR, B.Sc., formerly Clerk to S. R. Batliboi & Co., 1B, Old Post Office Street, Calcutta.
- MORGAN, EDWARD JAMES, Clerk to Morgan Brothers & Co., Capel House, 54, New Broad Street, London, E.C.2.
- MULLETT, CHARLES FREDERICK, Clerk to Hill, Hunter, James & Sinclair, 47, Essex Street, Strand, London, W.C.2.
- MURPHY, WILLIAM DANIEL, Clerk to R. M. Branson (Thomas May & Co.), Allen House, Newarke Street, Leicester.
- NEWBY, JOSEPH CECIL, Clerk to Clayton & Potts, 4, South Parade, Leeds.
- NORTHOVER, WILFRED HENRY, Clerk to A. H. Edwards (Edwards & Edwards), 22, High East Street, Dorchester.
- OXLEY, ERNEST, Clerk to W. H. Shaw & Sons, 56, Westgate, Wakefield.
- PEARSON, DORIS, Clerk to J. Pearson & Son, 5, Godwin Street, Bradford.
- PEET, REGINALD OWEN, Clerk to R. B. Baggaley & Co., Commerce Chambers, Parliament Street, Nottingham.
- PHELAN, THOMAS PATRICK (Phelan & Prescott), 3-5, Suffolk Street, Dublin, Practising Accountant.
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- PRICE, WILLIAM JAMES, Clerk to W. R. L. Jenkins (Hinton, Jenkins & Co.), 71, Bridge Street, Newport, Mon.
- RADFORD, GORDON EDGAR, Clerk to Crew, Turnbull & Co., 4, Dove Court, Old Jewry, London, E.C.2.
- ROBINS, WILLIAM THOMAS, Clerk to C. W. Stanley Temple (Clifford Towers, Temple & Co.), 9-10, Pancras Lane, London, E.C.4.
- RUDKIN, LESLIE ERNEST, Clerk to Thomas May & Co., Allen House, Newarke Street, Leicester.
- RUMING, HAROLD EDWARD, Clerk to Edmonds, Clover & Jones, Barclay's Bank Chambers, Eastbourne.
- RUSBY, EDMUND LOUIS, Clerk to John Gordon & Co., 7, Bond Place, Leeds, 1.
- SCOTT, ERIC GEORGE WILLIAM, Clerk to A. G. Howard, 5, Copthall Buildings, London, E.C.2.
- SEAL, FRANK CLIFFORD, Clerk to Ernest C. Myring (Myring & Bradbury), 742-743A, Salisbury House, London Wall, London, E.C.2.
- SHAH, CHANDULAL VANECHAND, formerly Clerk to Dalal & Shah, 49, Apollo Street, Fort, Bombay.
- SIMPSON, JOHN, Clerk to H. B. Brandon & Co., Scottish Provident Buildings, 7, Donegall Square West, Belfast.
- SLACK, ALFRED ARTHUR PERCY, Clerk to Percy E. Slack (Silversides, Slack & Barnsley), 44, Bedford Row, London, W.C.1.
- SMITH, ARTHUR, Clerk to John Hartley, Basinghall Buildings, 52, Basinghall Street, Leeds, 1.

FINAL—(continued).

- SMITH, GEOFFREY THORLEY, Clerk to Highfield, Prichard & Mumby, A, Queen Insurance Buildings, 10, Dale Street, Liverpool, 2.
- SMITH, GEORGE HERBERT, Clerk to Parkinson, Mather & Co., 5, Clarence Street, Albert Square, Manchester, 2.
- SMITH, GORDON, Clerk to F. J. Alban (Alban & Lamb), 11, Pembroke Terrace, Cardiff.
- SNAPE, HARRY (Snape, Shaw & Co.), Lords Chambers, 26, Corporation Street, Manchester, 4, Practising Accountant.
- SPENCER, WILLIAM RANDOLPH, Clerk to Harmood Banner & Son, 24, North John Street, Liverpool, 2.
- STEPHENSON, WILLIAM ANTHONY, Clerk to T. R. G. Rowland (W. T. Walton & Son), 3, Scarborough Street, West Hartlepool.
- STOKOE, FREDERICK, Clerk to Blackburns, Coates & Co., 2, East Parade, Leeds, 1.
- STOUPÉ, ROBERT, Clerk to H. B. Brandon & Co., Scottish Provident Buildings, 7, Donegall Square West, Belfast.
- SWEETING, ERNEST WALLACE, Clerk to Alan F. Kimpton (Kimpton, Holland & Co.), Tredegar Chambers, Bridge Street, Newport, Mon.
- SWINSTEAD, DEREK SIDNEY HILLYARD, Clerk to A. H. Edwards (Edwards & Edwards), 22, High East Street, Dorchester.
- SYMMONS, ROBIN GARWOOD, formerly Clerk to Eric Portlock & Co., Bond Street House, 14, Clifford Street, London, W.1.
- TAYLOR, CLAUDE WILLIAM, Clerk to Ferguson-Davie, Harris & Co., 83, Cannon Street, London, E.C.4.
- TAYLOR, KENNETH GEORGE, Clerk to Walter Holman (Holman, Foxcroft & Jackson), 11, Queen Victoria Street, London, E.C.4.
- TOPLIS, ERIC ALAN (Duncan & Toplis), Barclay's Bank Chambers, 55, High Street, Grantham, Practising Accountant.
- TURNER, ERNEST CECIL SEYMOUR, Clerk to Maurice Thompson, 30, Mark Lane, London, E.C.3.
- TURNER, KENNETH ROYCE, Clerk to F. F. Charles, Salisbury House, London Wall, London, E.C.2.
- VARTAK, KESHAV MAHADEV, B.Com., formerly Clerk to Sorab S. Engineer & Co., 45, Apollo Street, Fort, Bombay.
- WADDINGTON, NICHOLAS, Clerk to Proctor & Proctor, 3, Grimshaw Street, Burnley.
- WADMAN, ALBERT EDWARD, Clerk to Gillespie Brothers & Co., Imperial House, 80-86, Regent Street, London, W.1.
- WALKER, MALCOLM DOUGLAS, Clerk to Thomas Eaves (Thomas Eaves & Co.), 19, South John Street, Liverpool, 1.
- WALLER, CHRISTOPHER, 27, Fitzroy Square, London, W.1, Practising Accountant.
- WATSON, WALTER FREDERICK, Clerk to T. Wells Daffern (Daffern & Co.), 19-20, High Street, Coventry.
- WETHERFIELD, ARTHUR HENRY, Clerk to L. H. Findlay & Co., Brook House, 10-12, Walbrook, London, E.C.4.
- WIFFEN, HERBERT CHARLES, Clerk to Arthur J. Smith & Co., Gunnersbury Station Approach, Chiswick High Road, London, W.4.
- WILD, FREDERICK CHARLES, Clerk to T. Howard Coath & Sons, Andrews Buildings, 67, Queen Street, Cardiff.
- WILKINSON, JOHN HALSTEAD, Clerk to E. J. Wolstenholme (E. J. Wolstenholme & Clemence), Crown Chambers, 36, Yorkshire Street, Rochdale.
- WILLIAMS, WILLIAM HENRY, Clerk to A. Percy Horton (Saunders, Horton & Co.), 29-31, St. Mary Street, Cardiff.

WILSON, FREDERICK MAYNARD, Borough Treasurer's Department, Town Hall, Halifax.

YENDALL, WILLIAM JAMES, Clerk to Percy H. Walker & Co., 4, Park Place, Cardiff.

SUMMARY :—

4 Candidates awarded Honours.

133 Candidates passed.

168 Candidates failed.

305 Total.

Passed in Intermediate.

Order of Merit.

PAYNE, HAROLD, Clerk to Chas. R. Blissett, Waterloo Chambers, Fir Vale Road, Bournemouth. (*First Place Certificate and Prize.*)

BRIDLE, WALTER JOHN, Clerk to Haskins & Sells, Queen's House, 28, Kingsway, London, W.C.2. (*Second Place Certificate.*)

AMES, RUSSELL SPENCER BYHURST, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2. (*Third Place Certificate.*)

WEBSTER, WILLIAM JOE WARD, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2. (*Fourth Place Certificate.*)

BROWN, DAVID LUMSDEN, Clerk to William A. J. Ling (William A. J. Ling & Co.), 3-4, Great Winchester Street, London, E.C.2. (*Fifth Place Certificate.*)

LAWRIE, STANLEY THOMAS, Clerk to T. F. Grundy, MacGowan & Co., 1-4, Broad Street Place, Finsbury Circus, London, E.C.2. (*Sixth Place Certificate.*)

Alphabetical Order.

ANDREW, ERNEST SYDNEY, Clerk to John Hartley, Town Hall, Paignton.

ATHERTON, JAMES FLETCHER, Clerk to C. J. Twist (Latham & Taylor), Martin's Bank Chambers, Market Place, Wigan.

BAINES, WILLIAM FRANCIS, Clerk to Frederick Adams (Slipper & Co.), Bridgeway House, Hammersmith Bridge Road, London, W.6.

BARNSELEY, ALBERT, Clerk to R. Pilling, Public Offices, Tipton.

BASU, DEBABRATA, B.Sc., Clerk to S. Easton Simmers & Co., 98, West George Street, Glasgow, C.2.

BENDALL, DENIS GEORGE, Clerk to P. J. Goodechild, 19, London Wall, London, E.C.2.

BENNETT, SAMUEL, Clerk to L. Taylor & Co., 1, Cooper Street, Manchester.

BENNETT, WALTER DAWSON, Clerk to Donald H. Bates (Donald H. Bates & Co.), 10, Cheapside, Hanley, Stoke-on-Trent.

BENTLEY, EDGAR, Clerk to G. L. Hirst, 8, Bond Street, Dewsbury.

BERRY, DONALD HENRY, Borough Accountant, Town Hall, Jarrow.

BEYNON, IVOR RHYS, City Treasurer's and Controller's Office, City Hall, Cardiff.

BILIMORIA, RUTTONJI MANECKJI, B.Com., formerly Clerk to R. C. Divan, 43, Morarbhay Building, Apollo Street, Fort, Bombay.

BOOTH, WILLIAM GEORGE, Clerk to T. E. Nixon (Thomas Smith & Sons), National Bank Buildings, 135, Buchanan Street, Glasgow.

BOTHWELL, ALEXANDER MARKHAM, Clerk to William J. Holman (Holman, Foxcroft & Jackson), 11, Queen Victoria Street, London, E.C.4.

INTERMEDIATE—(continued).

- BOUSFIELD, HARRY, Clerk to Lee & Greaves, 35, Bank Street, Bradford.
- BROOKSBANK, JOHN VINCENT, Clerk to F. Arthur Pitt & Co., 14, John Dalton Street, Manchester, 2.
- BROWN, JACK CHARLES, Clerk to Larking & Larking, Invicta Chambers, Maidstone.
- BROWN, NORMAN JASPER LEADER, Clerk to F. Alan Simpson (Wallis, Gluyas & Simpson), Orchard Chambers, Orchard Street, Bristol.
- CARNOCHAN, JOHN GOLDER, Clerk to H. Noel French, Ormrod & Co., 5, Castle Street, Liverpool, 2.
- CASTELL, GEORGE (Bond & Castell), The Arcade, Lord Street, Liverpool, Practising Accountant.
- CHADWICK, HENRY GEORGE, Accountant's Department, National Insurance Audit Department, 17, North Audley Street, London, S.W.1.
- CHADWICK, WILLIAM HUGH, Clerk to Carl I. Lentell, Montpelier Chambers, Sidmouth Street, Seaton, Devon.
- CHILTON, JOHN EDWARD (Clarke, Dovey & Co.), 31, Queen Street, Cardiff, Practising Accountant.
- CLOWES, GEORGE FRITZ, Clerk to Tomlinson, Street & Co., Grosvenor Chambers, 33, Blackfriars Street, Manchester, 3.
- COLLIER, FRANK DAVID, Clerk to John Spedding (Henry Steele & Co.), Brazennose Chambers, 25, Brazennose Street, Manchester.
- COOPER, VICTOR HAROLD, Clerk to Peat, Marwick, Mitchell & Co., 18, Bennett's Hill, Birmingham, 2.
- COORLAND, LAZARUS, Clerk to J. Godfrey Bennett (Bennett & Grainger), Portland House, 73, Basinghall Street, London, E.C.2.
- CORK, ERIC JENNER, Clerk to E. Clarke Williams, 65, Oxford Street, Whitstable.
- CUNLIFFE, EWART, Clerk to George R. Lawson, Palmerston Buildings, 5, Manor Row, Bradford.
- DAWSON, JAMES, Clerk to William A. Judge, High Street, Skipton.
- DAY, WILLIAM HENRY, Clerk to J. M. Fellows (Fellows, Crabb & Co.), 9-10, Foster Lane, London, E.C.2.
- DOUGLAS, JOSEPH KENNETH, Clerk to Louis, Nicholas & Co., 19, Castle Street, Liverpool, 2.
- DOWSLAND, GEORGE WILLIAM, Clerk to J. W. Armstrong (J. W. Armstrong & Sons), Northern Assurance Buildings, 2, Collingwood Street, Newcastle-upon-Tyne.
- D'OYLY, HENRY FRENCH, Clerk to James C. Thornley (Stephenson, Smart & Co.), 1, Norfolk Street, King's Lynn.
- DUCKELS, NORMAN, Clerk to G. W. Townend & Co., Carlisle Chambers, Goole.
- DUNN, DAVID HORACE, Clerk to W. H. H. Aplin (W. W. Beer, Aplin & Co.), 17, Bedford Circus, Exeter.
- EAST, THOMAS ROYCROFT, B.Com., Clerk to A. H. Walkey (Cooper & Kenny), 34, Dame Street, Dublin.
- EBBAGE, GEORGE EDWARD, Clerk to Tunbridge & Lacey, 6, South Quay, Great Yarmouth.
- ENGLISH, THOMAS, Audit Department, Co-operative Wholesale Society, Ltd., 84, Westmorland Road, Newcastle-upon-Tyne.
- EVANS, DAVID, Clerk to Louis, Nicholas & Co., 19, Castle Street, Liverpool, 2.
- FARNDON, GORDON WATKIN, Clerk to Cedric H. Bennett, High Holborn House, London, W.C.1.
- FLEETWOOD, FRED LEIGHTON, Clerk to Victor Walton, 26 and 27, Bond Street, Leeds, 1.
- FORRESTER, ARNOLD, Clerk to Harper, Pilling & Co., 25, Acresfield, Bolton.
- FOX, MARGARET, Clerk to M. M. Homersham (Homersham & Co.), 41, George Street, Baker Street, London, W.1.
- GARDINER, GORDON CHARLES WILLIAM, Clerk to William T. Godfrey (Godfrey & Brand), Midland Bank Chambers, Exmouth.
- GARE, BERNARD FRANK, Clerk to T. Harold Platts & Co., 126, Colmore Row, Birmingham, 3.
- GODDARD, NORRIS MATANLE, Clerk to A. Clifford Towers (Clifford Towers, Temple & Co.), 9-10, Pancras Lane, London, E.C.4.
- GOUGH, JOHN LESLIE, Clerk to J. H. Gough, Town Hall, Ripon.
- GOUGH, RAYMOND WILLIAM, Clerk to H. E. Johnson (J. E. Denney, Bogle & Co.), Finsbury Pavement House, 120, Moorgate, London, E.C.2.
- GOWLAND, GEORGE, Clerk to F. S. Rowland, 90, Pilgrim Street, Newcastle-upon-Tyne.
- GOWNES, JOHN, Clerk to M. P. Ferneyhough, 6, Commerce Street, Longton, Stoke-on-Trent.
- GRANT, HOPE BRUCE, Clerk to Kemp, Chatteris, Nichols, Sendell & Co., 36, Walbrook, London, E.C.4.
- GRIFFIN, DOUGLAS RAYMOND, Clerk to George W. Bacon (G. W. Bacon & Co.), Norfolk House, Laurence Pountney Hill, Cannon Street, London, E.C.2.
- GRIFFITHS, IVOR, Clerk to W. H. Charles, 3, Greenfield Villas, Murray Street, Llanelly.
- GUNN, WALTER PERCY, Clerk to V. Wolfgang Bell & Co., 27-28, Old Jewry, London, E.C.2.
- HADDON, NORMAN CLIFFORD, Clerk to Freda G. Crick (Swallow, Crick & Co.), 22, Station Street, Spalding, Lincs.
- HARRISON, JACK, Clerk to Arthur A. Reeves, 2, Tyttel Street, Bradford.
- HAWKES, WALTER HENRY, Clerk to Thomas W. Sly, (Mortimer & Sly), 43, Chancery Lane, London, W.C.2.
- HAY, ROBERT HERBERT, City Treasurer's Office, Town Hall, Newcastle-upon-Tyne, 1.
- HEATH, FREDERICK THOMAS, Clerk to H. S. Lewis (H. S. Lewis & Co.), 91, Shaftesbury Avenue, London, W.1.
- HENDY, THOMAS GEORGE CHARLES, Clerk to G. E. Sendell (Kemp, Chatteris, Nichols, Sendell & Co.), 36, Walbrook, London, E.C.4.
- HILL, JOHN EDWARD, Clerk to R. M. Brodie, 29, Scale Lane, Hull.
- HOLDEN, ARNOLD RICHARD, Clerk to Nasmith, Coutts & Co., 78, King Street, Manchester, 2.
- HOLLIDAY, WILLIAM BANK, Accountant's Department, Durham County Council, Shire Hall, Durham.
- HOLMES, JOHN EDGAR, Clerk to H. Reynolds (J. W. Reynolds & Son), 49, Bank Street, Bradford.
- HOLROYD, JOSEPH HENRY, Clerk to Harry Davey (H. Davey & Co.), 1, Crown Court, Wakefield.
- HONES, LESLIE EDWARD HENRY, Finance Department, Surrey County Council, County Hall, Kingston-upon-Thames.
- HUGHES, DOUGLAS EDWARD, Clerk to Lewis & Mounsey, 27-28, Finsbury Square, London, E.C.2.
- HUGHES, WALTER CLIFFORD MADDOX, Clerk to Warmesley, Henshall & Co., 29, Eastgate Row North, Chester.
- JAKEMAN, THOMAS ERIC, Clerk to Harold F. Joy, 28, St. Thomas Street, Weymouth.
- JARRATT, FRANCIS LESLIE, Clerk to Stanley Scotter (Stanley Scotter & Co.), Ferres Chambers, 22, Whitefriargate, Hull.
- JOHNSON, JOHN, Accountant's Department, Durham County Council, Shire Hall, Durham.

INTERMEDIATE—(continued).

- KEALEY, CHARLES STANLEY GERARD, Clerk to Charles E. Wakeling, 8, Serjeant's Inn, Temple, London, E.C.4.
- KELLY, WILLIAM, Clerk to M. H. Bradbury (Myring & Bradbury), 742-743A, Salisbury House, London Wall, London, E.C.2.
- KENNY, CHRISTOPHER ANTHONY, Clerk to W. A. Kenny (Purtill & Co.), 33-34, Anglesea Street, Dublin, C.4.
- KILBY, RAYMOND CHARLES, Clerk to Ellinger, Hounsell & Co., Exchange Buildings, New St., Birmingham, 2.
- KING, JOHN GILBERT, Clerk to R. W. L. Clench (Clench, Hewitt & Co.), 35-37, Hastings House, 10, Norfolk Street, Strand, London, W.C.2.
- KNOTT, GEOFFREY, Clerk to H. Tindall, Sherwood & Co., Curry's Chambers, 115, High Street, Stockton-on-Tees.
- KNOWLES, ROBERT BERNARD, Clerk to J. H. Croydon (Spence, Paynter & Morris), 6, Wardrobe Place, Doctors' Commons, London, E.C.4.
- LACEY, DONALD JAMES, Clerk to Harold Brown (Harold Brown & Co.), 25, Bennetts Hill, Birmingham, 2.
- LAWLEY, GEOFFREY THEODORE, Borough Treasurer's Department, Municipal Buildings, Dudley.
- LEACOCK, THEODORE ERNEST FREDERICK, Clerk to Bryden, Johnson & Co., 182, Suffolk House, Laurence Pountney Hill, Cannon Street, London, E.C.4.
- LEHEUP, EDWARD, Clerk to Leslie A. Tomlinson, Eldon Chambers, Wheeler Gate, Nottingham.
- LEONARD, MARY, Clerk to A. Hornby (Dunn, Hornby & Co.), P.O. Box 312, Nairobi, Kenya Colony.
- LEOPARD, HAROLD JOSEPH HOWARD, Clerk to S. T. Pengelly, 23, Ilton Road, Cardiff.
- LITTLETON, HUGH OWEN, Clerk to W. E. Fitzhugh (Fitzhugh, Tillett & Co.), Finsbury Pavement House, 120, Moorgate, London, E.C.2.
- LLOYD, SYDNEY AUSTIN, Clerk to Theo. S. Sheard, Vickers & Winder, 34, Castle Street, Liverpool, 2.
- LOVELL, ALEXANDER LANCE, Clerk to H. C. Banting, 29, Baker Street, London, W.1.
- MCCANN, FREDERICK GEORGE CELAND, Clerk to Midgley, Snelling & Co., Columbia House, Aldwych, London, W.C.2.
- MCCLELLAND, ALEC, Clerk to Peat, Marwick, Mitchell & Co., Guildhall, Newcastle-upon-Tyne.
- MCDONALD, ANGUS CHARLES (C. McDonald & Co.), Barclay's Bank Chambers, 84, Victoria Road, Surbiton, Surrey, Practising Accountant.
- MCKENZIE, THOMAS METCALF, Clerk to W. M. McKenzie (Metcalf, McKenzie & Co.), 32, West Sunniside, Sunderland.
- MCMILLAN, WILLIAM OSWALD, Clerk to James Baird & Co., Imperial Buildings, 72, High Street, Belfast.
- MCPHERSON, DAVID MALCOLM, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- MANSSELL, FREDERICK THOMAS, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- MARÉCHAL, JEAN GEORGE, Clerk to A. R. T. Haynes (Jacob & Haynes), 146A, Queen Victoria Street, London, E.C.4.
- MARSHALL, ARTHUR HEDLEY, Borough Treasurer's Office, Town Hall, Stockport.
- MARSHALL, WILFRED, Clerk to N. Williamson & Co., 21, Potter Street, Worksop.
- MARTIN, AUSTIN JOHN, Clerk to J. A. Harris & Co., 47, Ropergate, Pontefract.
- MAW, DONALD, Clerk to D. Hunter, Exchange Chambers, Coppergate, York.
- MAYNARD, THOMAS GEORGE, Clerk to H. Epton Chapman (Slater, Chapman & Co.), Viaduct Chambers, 38, Holborn Viaduct, London, E.C.1.
- MEAKIN, SIDNEY FRANCIS, Clerk to Lewis & Mounsey, 3, Lord Street, Liverpool, 2.
- MEEK, VERA DOROTHEA, Clerk to P. E. M. Ridgway (Butterell & Ridgway) 21, Parliament Street, Hull.
- MILLER, CHARLES RAYMOND, Clerk to A. C. Churchill (Bolton, Wawn & Co.), 48, West Sunniside, Sunderland.
- MINNS, HAROLD, Clerk to John Gordon & Co., 7, Bond Place, Leeds, 1.
- MINTO, GEORGE, Clerk to T. G. Green, 37, Saddler Street, Durham.
- MORAN, JAMES STEPHEN, Clerk to Kennedy, Crowley & Co., 4 and 5, Westmoreland Street, Dublin, C.4.
- MORGAN, DAVID KITCHENER GWYN, Clerk to J. Fooks (J. Fooks & Sons), 3, Park Place, Cardiff.
- MORRIN, DENIS JOSEPH, Clerk to A. H. Friend (Friend, Ellis & Co.), 44, Chepstow Road, Newport, Mon.
- MORTIMER, ROBERT BIRDESELL, Clerk to G. F. H. Gardiner (F. C. Gardiner & Co.), Barclays Bank Chambers, Scarborough.
- MYLES, GORDON, Clerk to James Todd & Co., 18, Birley Street, Blackpool.
- NUDDS, ARTHUR HAROLD, Clerk to Mark Banus & Co., 25, Finsbury Square, London, E.C.2.
- ODDIE, RICHARD LEVIN, Clerk to Joseph W. Shepherd, 78, King Street, Manchester.
- OGLE, GEORGE LEONARD, Clerk to Peat, Marwick, Mitchell & Co., 2, Park Place, Leeds, 1.
- OLDHAM, JOHN, Clerk to Appleby & Wood, Deansgate Arcade, Manchester, 3.
- O'MAHONY, THOMAS PETER, Clerk to R. L. Reid (Purtill & Co.), 33-34, Anglesea Street, Dublin, C.4.
- PAYNE, NORMAN WILLIAM, Borough Treasurer's Office, Sankey Street, Warrington.
- PEARSON, ALBERT CHARLES, Clerk to Francis L. Cooke (Slater, Chapman & Co.), 38, Viaduct Chambers, Holborn Viaduct, London, E.C.1.
- PEARSON, NORMAN, Clerk to E. B. Rawlinson (Rawlinson, Smith & Mitchell), 1A, Manor Row, Bradford.
- PELHAM-HOWELL, DUDLEY VINCENT, No. 3 Audit District, Ministry of Health, Doncaster.
- PERLZWEIG, M., Clerk to Gibson, Harris, Prince & Co., Palmerston House, Old Broad Street, London, E.C.2.
- PICOT, LESLIE ALEXANDER, Clerk to Alexander E. Picot (Alex. E. Picot & Co.), Trinity Chambers, 26, Hill Street, Jersey, C.I.
- POTTER, SIDNEY RICHARD, Clerk to Dalling, McNab & Co., 1, Pavilion Buildings, Brighton.
- PRATT, DOUGLAS GEORGE, Clerk to Henry J. B. Feist, 44, Rectory Grove, Leigh-on-Sea, Essex.
- PURKISS, SYDNEY CHARLES, Clerk to W. S. Samuda (Matthews, Wiseman & Co.), 42-44, Broadway, Westminster, London, S.W.1.
- RADFORD, REGINALD JOSEPH, Clerk to H. Slater (H. Slater & Son), Sussex House, Hobson Street, Cambridge.
- RAINBIRD, ERNEST EDWIN, Deputy Accountant, Cumberland County Council, The Courts, Carlisle.
- RICHARDSON, EDWARD HENRY, Clerk to George W. Spencer (Geo. W. Spencer & Co.), 10, Bush Lane, Cannon Street, London, E.C.4.
- RILEY, KENNETH JOHN, Clerk to A. J. Palmer, 5, West Street, Fareham, Hants.

INTERMEDIATE—continued.

- ROBERTS, CHARLES (Lawrie & Todd), Bank Offices, 3, Granby Street, Leicester, Practising Accountant.
- ROBERTSON, NORMAN JAMES, Clerk to Cash, Stone & Co., 48, Copthall Avenue, London, E.C.2.
- ROBINSON, FRANK, Clerk to J. Herbert Haley (J. Herbert Haley, Son & Co.), 29, Tyrrel Street, Bradford.
- ROBSON, EDGAR WILLIAM, Clerk to Paton, Boyce & Welch, 3, Piccadilly, Bradford.
- SAVIDGE, DAVID GORDON MADGWICK, Clerk to E. C. Baldwin & Son, Union Bank Chambers, 9, North Street, Brighton.
- SCARBOROUGH, FRANK ERIC, Clerk to Frank Haynes (Frank Haynes & Co.), The Hollins, 16, New Street, Leicester.
- SHEARD, ERNEST (Fred Sheard & Sons), 5-6, Kirkgate Buildings, Huddersfield, Practising Accountant.
- SHOTTON, WILLIAM LANZA, Clerk to E. W. Longhurst (E. W. Longhurst & Co.), Portland House, 73, Basinghall Street, London, E.C.2.
- SIMMONS, STANLEY ISAAC, Clerk to Sissons, Bersey, Gain, Vincent & Co., 53, New Broad Street, London, E.C.2.
- SIMPSON, GEORGE, Borough Treasurer's Department, Town Hall, Halifax.
- STALLABRASS, FREDERICK DENNIS, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- SWINDELLS, BERTRAM, Clerk to C. W. Legge (Clinch & Legge), Hurdie House, Broad Street, Seaford, Sussex.
- SWINDEN, NORMAN, Treasurer's Department, West Riding of Yorkshire County Council, County Hall, Wakefield.
- TAYLOR, CHARLES BARRY, Clerk to Peat, Marwick, Mitchell & Co., 14, Albert Street, Harrogate.
- TAYLOR, RICHARD, Clerk to George E. Cooke, Bank Chambers, 287, Broad Street, Pendleton, Manchester.
- TELFER, ARCHIBALD FRANCIS XAVIER, Clerk to Joseph W. Shepherd, 78, King Street, Manchester.
- THOMPSON, GRIFFITH MOORE, Clerk to V. John H. Harris (Benbow & Airs), 2A, Sheep Street, Northampton.
- TILBY, EDWARD JAMES, Clerk to Chantrey, Button & Co., Africa House, Kingsway, London, W.C.2.
- TURNER, ERNEST FREDERICK GUY, Clerk to Whinney, Smith & Whinney, 4B, Frederick's Place, Old Jewry, London, E.C.2.
- TUTTE, GERALD EDWIN, Clerk to A. E. Vernon, 648, Christchurch Road, Boscombe, Bournemouth, Hants.
- WALKER, RAYMOND NEVILLE, Clerk to R. G. Acock (Martin & Acock), Westminster Bank Chambers, 69, London Street, Norwich.
- WALKER, THOMAS PATTERSON, Clerk to Percy Hodgkinson & Co., Osborne Chambers, 48, Sunbridge Road, Bradford.
- WALTERS, NORMAN ALFRED, Clerk to Cox, Smith & Co., 7, Duke Street, Adelphi, London, W.C.2.
- WARDELL, ROBERT HENRY, Clerk to Pelham A. S. Plunkett (Pelham Plunkett & Co.), North British and Mercantile Buildings, 32, Nassau Street, Dublin, C.2.
- WARREN, RONALD JEFFREY, Clerk to H. H. Benbow (Benbow & Airs), 2A, Sheep Street, Northampton.
- WESTALL, HUBERT HAROLD, Clerk to Alfred Nixon, Son & Turner, 31, 35 and 48, Victoria Buildings, St. Mary's Gate, Manchester, 1.
- WESTON, EDWARD FRANK, Clerk to Payne, Rowe, Stone & Co., Wood Street Buildings, 112-113, Fore Street, London, E.C.2.
- WHITE, KENNETH HAROLD, Clerk to William R. Baskett (Bobart, Baskett & Co.), 65-66, Basinghall Street, London, E.C.2.

- WILD, RAYMOND, Clerk to R. N. Ching (W. J. Ching & Co.), 8, Sussex Terrace, Plymouth.
- WILLIAMS, FREDERICK JOHN, Clerk to Percival White (White & Pawley), 6, Sussex Terrace, Plymouth.
- WILLIAMS, JOHN, Clerk to Henry Smith (Fred A. Fitton, Wilson, Smith & Martin), British Dominions House, 30, Cross Street, Manchester.
- WILSON, CHRISTOPHER PURVES, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.
- WILSON, THOMAS, Clerk to G. Ball (Chipchase, Wood & Co.), 87, Newgate Street, Bishop Auckland, Co. Durham.
- WINGFIELD, WALTER, Clerk to Harold Foulston, 5, Leopold Street, Sheffield, 1.
- WOOD, STANLEY, Clerk to Albert A. Henley & Co., Portland House, 73, Basinghall Street, London, E.C.2.
- WOOD, STANLEY ARTHUR, Clerk to T. Harold Platts & Co., 126, Colmore Row, Birmingham, 3.
- WRIGHT, ROLAND SEATON, Clerk to Cedric H. Bennett, High Holborn House, London, W.C.1.
- YOUNG, FRANK BALDWIN, Clerk to Woolley & Waldron, Blue Peter House, 8-10, Portland Ter., Southampton.
- YOUNG, NOEL, Clerk to Wilfred H. Lambert (Wilde, Lambert & Co.), 24, Brazenose Street, Manchester, 2.

SUMMARY:—

6 Candidates awarded Honours.

168 Candidates passed.

225 Candidates failed.

399 Total.

Passed in Preliminary.

Order of Merit.

- GODDARD, ALFRED ARTHUR, 38, Paradise Road, Clapham, London, S.W.4. (First Place Certificate.)

Alphabetical Order.

- ACKERLEY, THOMAS ALBERT, 2, Stafford Street, Salford.
- ATKINSON, GEORGE, 50, Hyde Park Street, Bensham, Gateshead, Co. Durham.
- BARNES, WILLIAM ALFRED, 30, Tudor Road, Southend-on-Sea.
- BASSHAM, GEORGE HARVEY, 27, St. Philip's Road, Norwich.
- BELL, RICHARD SHANNON, Trastan, 434, Antrim Road, Belfast.
- BICKHAM, CHARLES DESMOND BAZIL, "Seacombe," 10, St. Leonards Road, West Hove, Sussex.
- BUMSTEAD, FRANCIS ALBERT STEPHEN, 55, Pen Park Road, Southmead, Bristol.
- CHRISTIAN, JOHN CUTHBERT, The Quay, Castletown, Isle of Man.
- COOPER, JOHN, 39, Ellingham Road, Leyton, London, E.10.
- DAVENPORT, JOHN ALBERT, 2, Hartington Street, Moss Side, Manchester.
- DURHAM, FRANK WILLIAM, 56, Somerset Road, Doncaster.
- FAIR, WILLIAM ALBERT, 77, Carisbrooke Road, Walthamstow, London, E.17.
- GRAHAM, GORDON, 83, Grove Park, Bangor, Co. Down.
- GREGG, VERNON STEWART, "Moorecroft," Sandy Lodge Way, Northwood, Middlesex.
- HANDS, HOWARD RONALD, 73, Bamville Road, Washwood Heath, Birmingham.

PRELIMINARY—continued.

- HARPER, DAVID NOEL, 37, Sefton Road, Addiscombe, Croydon.
- HARRISON, RAYMOND DOUGLAS, Picton House, Marine Drive, Rhyl.
- HEYWORTH, WILLIAM KENNETH, 32, Westminster Road, Blackpool.
- HINTON, REGINALD ALFRED, 16, Vine Street, Kidderminster.
- HOBSON, JOHN GILMORE, Lake View House, Dungannon.
- HOLT, SAMUEL, 40, Cateaton Street, Bury, Lancs.
- JONES, GORDON HENRY, 22, Barrack Street, Colchester.
- JOYNT, JOHN SAMUEL ARTHUR, 64, Albert Road, Glengary, Co. Dublin.
- KEYS, FRED, 31, Park Parade, Roker, Sunderland.
- KIDNEY, DESMOND JOHN, "Eirene," Killiney, Co. Dublin.
- KYLE, MAUREEN PATRICIA, Morna, 10, College Avenue, Bangor.
- MCBRIDE, WILLIAM MCAULEY GORDON, 43, Dixon Avenue, Ballymacconnell, Bangor.
- MCCONNELL, MAURICE JOSEPH, 11, West Road, Woolston, Southampton.
- MCCONNELL, ROBERT JAMES, Carrigans, Knockmoyle, Omagh.
- MCKEOWN, THOMAS, 40, Beresford Road, Gorse Hill, Stretford, Nr. Manchester.
- MATTHEWS, WILLIAM LEONARD, "Derwendeg," Heath Park Avenue, Cardiff.
- PATE, JOHN, Rosedale, Tarvin Road, Vicar's Cross, Chester.
- PEARSON, FRED, 2, Norris Grove, Wesley Street, Levenshulme, Manchester.
- PIPPET, EDWARD FRANCIS, 70, Avonmore Road, Fulham, London, W.14.
- PREST, WILLIAM, 5, Lyons Fold, Sale, Cheshire.
- RANDALL, FREDERICK, 224, Chamberlayne Road, Eastleigh.
- ROSS, JAMES, "Inver," Jordanstown, Co. Antrim.
- SAPHIN, REGINALD FRANCIS EDWARD, 172, Gladstone Park Gardens, Cricklewood, London, N.W.2.
- SEYMOUR, STANLEY, Brown Gable, Manor Drive, Longbenton, Northumberland.
- SMITH, WILLIAM ARTHUR, Maydene, Lower Barnes Lane, South Woodham, Chelmsford.
- SIMMONDS, PHILIP JAMES, 33, Fitzhammon Embankment, Riverside, Cardiff.
- SNOW, WILLIAM DAVID, Pinchurst, Aldersey Road, Guildford.
- SOUTHEY, ERNEST ALBERT, 5, Barrenger Road, Muswell Hill, London, N.10.
- STUBBENS, ROGER HERBERT, 27, Grantchester Street, Cambridge.
- STYLES, ARTHUR GEORGE, 27, Obelisk Street, Camberley.
- THACKWRAY, WALLACE, 16, Pennington Grove, Hyde Park, Leeds.
- TURTON, STANLEY, 5, Welton Mount, Hyde Park, Leeds.
- VINCENT, LESLIE BERTRAM, 18, Ruckholt Road, Leyton, London, E.10.
- VOLLANS, RONALD, 33, Warren Street, Savile Town, Dewsbury.
- WALKER, CECIL HENRY, 3, Cobbold Road, Leytonstone, London; E.11.

SUMMARY :—

- 1 Candidate awarded Honours.
50 Candidates passed.
46 Candidates failed.

97 Total.

Obituary.

ALBERT CYRIL STOREY.

We have learned with regret of the death of Mr. Albert Cyril Storey, F.S.A.A. (Dublin) on December 9th at the early age of 36. Mr. Storey was articled to Mr. James A. Kinnear, F.S.A.A. He became a member of the Society of Incorporated Accountants and Auditors in 1921, and was admitted a partner in the firm of Messrs. James A. Kinnear & Co. in 1923. He took a lively interest in all the activities of the Society of Incorporated Accountants in Ireland, and in particular in the Dublin Incorporated Accountants' Students' Society, of which he was President on three occasions since the year 1926.

THOMAS WILLIAM SOWERBUTTS.

We regret to learn that Mr. T. W. Sowerbutts, F.S.A.A., died on December 12th. He became a member of the Society of Incorporated Accountants and Auditors in the year 1905, and had been continuously in public practice in Manchester since that date. Mr. Sowerbutts took an active interest in the work of the Incorporated Accountants' District Society of Manchester, and was a member of the Committee for nearly 20 years. He was the first secretary of the Manchester Coal Exchange, and in 1919 succeeded his father as secretary of the Manchester Geographical Society. He was 73 years of age.

JOHN HENRY KEMP.

Mr. J. H. Kemp, F.S.A.A., of the firm of Messrs. Kemp and Jones, Liverpool, died on December 3rd, at the age of 68. He became a member of the Society in 1909, and was admitted to Fellowship in 1924. He was for many years in the office of Messrs. Dawson, Chevalier & Graves, Liverpool, until in 1919 he entered into partnership with Mr. R. H. Jones, Chartered Accountant.

GEORGE JAMES MACFARLANE.

The Committee of the South African (Eastern) Branch report to the Council of the Society with much regret the death of Colonel J. G. Macfarlane, C.M.G., who was elected a Fellow of the Society in the year 1901. Colonel Macfarlane was born in Natal, his father having been a Resident Magistrate. He was educated at Maritzburg High School and spent the whole of his career in that city in which he had practised since the year 1889. For a period of 20 years he was a member of the Society's original South African Committee. He was also one of the promoters of the Natal Accountants' Act of 1909, which set up a Register of Practising Accountants in Natal and which constituted the Natal Society of Accountants, of the first Council of which Colonel Macfarlane was a member. He had a somewhat adventurous life, having served in the Zulu War of 1878, and was again on active service in the South African War, during which he commanded a battalion of the Natal Carbineers and took part in the defence of Ladysmith. For a period Colonel Macfarlane was a member of the Legislative Assembly of Natal. He occupied a leading position in the civic and public life of Pietermaritzburg, of which city he was been Mayor from 1898 to 1902.

ERNEST TRITSCHLER KERR.

It is with deep regret that we record the death of Mr. Ernest T. Kerr, F.S.A.A., a member of the Council of the Society of Incorporated Accountants and Auditors and President of the Birmingham District Society.

Mr. Kerr had been a member of the Society since 1896 and a Fellow since 1908. For over forty years Mr. Kerr was in public practice in Birmingham, first in his own name and later as a partner in the firm of Messrs. Ernest T. Kerr & Co. He took an active interest in the work of the Birmingham and Midland Society of Incorporated Accountants, being elected to the committee in 1910. He became President in 1927, and held that office continuously until the date of his death. In the same year he was elected a member of the Council of the Parent Society. He was immediately appointed to serve on the District Societies Committee, and later became a member of the Parliamentary Committee. Mr. Kerr was well known in Birmingham and was an active member of the Midland Conservative Club. He was an original member of the Moseley Golf Club and a keen player until shortly before his death.

Mr. Kerr died on December 9th at the age of 67. The funeral service was at St. Anne's, Parkhill, Birmingham, on December 13th and was attended by his son, Mr. E. M. Kerr, his brother, Mr. John Durie Kerr, F.S.A.A., and by the following members of the Society of Incorporated Accountants:—Mr. D. E. Campbell, F.S.A.A. (Member of the Council), Mr. E. T. Brown, Mr. F. M. Hawnt, F.S.A.A., Mr. Harold Harcourt, F.S.A.A., Mr. T. Harold Platts, F.S.A.A., Mr. P. G. Stenbridge, F.S.A.A. (Honorary Secretary of the Birmingham District Society), and Mr. A. A. Garrett (Secretary of the Parent Society).

LUCIEN CHARLES JACOB.

With regret we announce the death, at the age of 82, of Mr. L. C. Jacob, F.S.A.A., of 34, Mark Lane, London, who had been a member of the Society for 47 years. Throughout this period he was in public practice at the same address. He was also secretary, for over half a century, of the Sheppey Glue and Chemical Works, Ltd.

Reviews.

Taxation of Foreign and National Enterprises.

Issued by the League of Nations, and published by Allen & Unwin, 40, Museum Street, London, W.C.1. (In five volumes, varying in price from 2s. 6d. to 12s., according to size.)

The first volume was issued in 1932, and the other four volumes are now published. The five volumes comprise the material which has been taken by the League of Nations Fiscal Committee as the basis of a draft convention against the double taxation of business income. Vol. I relates to the British, French, German, American and Spanish Tax systems, whilst the four subsequent volumes deal with the following:—

Vol. II.—Austria, Belgium, Free City of Danzig, Greece, Italy, Latvia, Luxembourg, Netherlands, Roumania, Switzerland and Czechoslovakia.

Vol. III.—Canada, British India, Dutch East Indies, Japan, Mexico, South African Union, States of Massachusetts, New York and Wisconsin.

Vol. IV.—Methods of apportioning profit from tax revenues.

Vol. V.—Accounting methods applicable to apportioning the profits of industrial enterprises.

Reports have been prepared by the high officials of tax administration in the various countries, and Vols. I, II and III are compiled on a uniform system. Vol. IV sums up and compares the data contained in the preceding volumes with regard to laws and administrative practice in connection with the allocation of taxable income in the various countries, and sets forth what the author regards as the most equitable and practical rules for the avoidance of double taxation of business profits. Vol. V discusses the accounting aspects of the problem, and sets forth the accounting methods which the author considers would best reflect the profits attributable to each branch of an enterprise having establishments in different countries.

Spicer & Pegler's Income Tax. 12th Edition. Edited by H. A. R. J. Wilson, F.C.A., F.S.A.A. London: H.F.L. (Publishers), Ltd., 19, Fenchurch Street, E.C.3. (560 pp. Price 10s. 6d. net.)

In this book, which is now well known, the law and practice relating to income tax is explained under each of the Schedules of the Act, the greater portion of the space being devoted to Schedule D, under which numerous examples are given showing the working out of assessments and claims for return of tax. Most of the matters in relation to which difficulties arise from time to time are brought under review, including the assessment of new businesses and terminating businesses, and the treatment of rents, interest, reserves, &c., under varying circumstances. Separate chapters are devoted to losses and claims, Dominion Income Tax Relief and Sur-Tax, and explanations are given with regard to the special features arising in connection with different classes of trades. In the present edition some of the sections have been re-cast, and the book generally brought up to date.

Accounts of Executors, Administrators and Trustees. 7th Edition. By W. B. Phillips, F.C.A. London: Sir Isaac Pitman & Sons, Ltd., Parker Street, Kingsway, W.C.2. (164 pp. Price 5s. net.)

Whilst this book deals mainly with accounts of trust estates, it also embodies a summary of the law in so far as it relates to those accounts. Part I gives explanations with regard to the contents of wills and the appointment of administrators; and Part II, which constitutes the main portion of the book, deals with the duties of executors and administrators, the obtaining of probate, and the keeping of the accounts. A complete set of transactions is given with the entries to be made in the various books and an example of a residuary account, thus furnishing a complete view of the book-keeping system, whilst explanations and examples are given as to the method of treating apportionments and other matters. Accountancy students will obtain much assistance from a careful study of this publication.

The Incorporated Students' Telephone. By the Directors and Tutors of H. Foulks Lynch & Co. London: H. F. L. (Publishers), Ltd., 19, Fenchurch Street, E.C.3. (86 pp. Price 2s. 6d. net.)

Concurrently with the declaration of the examination results, this publication has been issued containing the answers to the questions set for the Intermediate and Final examinations of the Society of Incorporated Accountants and Auditors in November last. Candidates who sat for the examinations, as well as those preparing for future sittings, will read these answers with interest, whilst those who failed to pass will be able to ascertain in what respect they fell short or went astray in the answers given by them at the recent sittings.

IDEALS OF A STUDENT.*

In so far as accountant students are concerned the fact that the author, Sir Josiah Stamp, writes not merely as a distinguished scholar, but as one who has had large commercial experience, and is himself an Honorary Member of the Society, will add greatly to the weight of his opinions. As a University Senator, the Governor of various Universities and Public Schools, an Examiner to different Universities and learned bodies, as one who has been for many years in close touch with student life in Britain and America, and is a Doctor of eleven Universities, it may be claimed that his views should be of interest to students of all grades and faculties; at any rate, those qualifications enable him to speak with something more than normal authority as to a student's ideals.

Quoting the words "he can unscrew the inscrutable," Sir Josiah, with a modesty which is characteristic of him, declares that there is no "unscrewing" about him, but that in a spirit of earnest enquiry he desires, in conjunction with his readers, to examine the contribution that can be made by the student life of a country to the economic outlook of the world.

Every accountant student will appreciate the emphasis which the author places upon exactness and the illustration which he uses of Professor Norton finding that not less than 136 corrections were necessary in the first five pages of Froude's *Carlyle's Reminiscences*.

What Sir Josiah has to say in respect to our own profession is of special interest, and is so good that it must be quoted in full. On page 124 he writes:—"Accountancy aims at being an exact body of knowledge, such that a dozen competent workers would come to identical conclusions about the 'results' of the trading of a business over a period of time. The audit is a check of the precision and exact record of transactions involving money—there can be no doubt about the money paid out and in, the debts due both ways, the goods received. But inasmuch as business is continuous, and accounts are made up for a period and at a date, an artificial condition of valuation comes in, to deal with the year's obligations to long-period assets which have been partly worn out owing to the business operations of the year, and also to deal with changes in the 'values' of those assets, and to make provisions for impending risks and obligations. These last three items introduce elements of taste and inclination—but they are not mere ripples of inexactness upon a great mass of exactness—they can be used to reduce the whole of the exact work to an entirely incalculable inexact result. Generally, the accountant has little concern with exactness at the finish, and will never claim to reveal in his certificate that excessive provisions have been made. He is quite happy if the results shown are well within the 'true' result. His duty is to say whether the balance sheet 'is properly drawn up so as to exhibit a true and correct view of the company's affairs as shown

by the books of the company' (Companies Act, 1900, sect. 23), and there is judicial authority interpreting this: 'The purpose of the balance sheet is primarily to show that the financial position of the company is at least as good as there stated, not to show that it is not or may not be better'. On page 191 he says: "No mind that has mastered the real difference between a balance sheet and profit and loss account can fail to carry that relation into the innermost reasoning on all human interests, not even excluding religion. I would indeed divide men into two classes, those who have a balance sheet view of life and those who have a profit and loss outlook, the difference between a view of life as a state, or a process; the view of society as an attainment at a point of time, or as a movement of progress in time, and this difference of view will come out everywhere." And again the author says: "The technical sub-divisions of the accountancy idea, in debentures with a small first charge and no risk, and ordinary capital with risk and glorious gains; of depreciation and obsolescence allowances as second charges against current surpluses and enjoyment—these and many other accountancy analogies are suggestive as the warp of a thinking mind." The human touch is always present, as will be seen from the quotation on page 126. "When I was a Surveyor of Taxes, accounts were often brought to me: 'That was made up for the Bank, and I am not really quite so good as that.' My Bank Manager had accounts brought to him: 'I am better than that, for it was made up for the Surveyor.'"

Dealing with correspondence colleges the author describes them as "focussing attention on superficial tricks and wasting cultural opportunities." From practical experience of the work of an examiner the present reviewer has found a growing tendency for candidates for the Society's examinations to quote sections of Acts of Parliament and also to quote from authors with a positively alarming degree of inaccuracy. Upon making enquiries he was informed that candidates were instructed by some coaching schools to indulge in quotations.

On pages 26 and 28 illuminating references are made to the subject of wages and the lack of appreciation, among the masses, of distinguishing real wages and money wages, and later reference is made to the effect of a fall of prices in relation to wages.

Among many important dicta on the subject of the Gold Standard two only can be quoted. On page 168, "Let us look at the Gold Standard. It is a pure piece of mechanism for enabling the trade of the world and the production of the world to be satisfactorily exchanged." And on page 51, "It is quite true that in the end economic facts may prevail, whatever you do or think about them, but in the short run, what the people think about facts may be more important than the facts themselves. If you think a great machine like a bank is unsafe, it becomes unsafe from the very fact that you think so. You will run as hard and fast from a dog which you think is a wolf as you will from a real wolf!" The student should refer to pages 24 and 81 with respect to the banking system in the United States

* Ernest Benn, Ltd., 8s. 6d. net.

and the effect of a too plentiful supply of gold in a country.

On the important subject of Solidarity, the author says: "No man can fail or be even mediocre without affecting and reducing the efficient return of all the labour and capital he controls or co-operates with or even serves. No man liveth to himself. So the closing up of the spread between the best and worst may make fewer individual fortunes, but it will also make fewer bankrupts, and it will give business a stability, a dignity, and an institutional strength which it has never had hitherto." There is some wise writing on page 55 in relation to employment and leisure.

The following from page 44, in relation to World Problems, will be read with interest: "The most important problems to-day are the economic problems, and most economic problems have now an international bearing. I walked into an Embassy in a country I cannot name, of a foreign nation of which I must not speak, and at a time to which it would be dangerous to allude, and found one of the staff cursing his lot. He said: 'All this diplomacy business has gone to the dogs. When I started my training in diplomatic life the whole matter was simple. I started learning about the balance of power and various diplomatic questions, but now everything we touch relates to this economic question, and I know nothing about it—this black magic of currency: I have now to say whether I think this country is going to keep its present currency level to right its balance of trade, and so forth.' And he pulled the remaining hair he had in desperation!"

Regarding the future, Sir Josiah fully appreciates the difficulty and is very frank about the position, saying: "I am afraid we shall have to say to these young men and women emerging into modern life: 'Here is a complicated machine which I have invented; it is absolutely out of order; I do not know how to get it right myself; you must rectify it; here is your inheritance and our gift'; and then I have to add: 'Not only is it out of order, but I have no rules to hand you, because my past experience has been the very thing that has led me into this unfortunate situation.'" He justly lays emphasis upon the fact that character, stability and moral purpose are going to prove more essential in respect to the recovery of both England and America than technical equipment.

This is a book which every accountant student should read, not merely because of its frequently recurring references to his own profession, but because it will tend to discipline the mind of the student so that he may the more readily appreciate the deeper significance which underlies his daily problems. Sir James Paget recounts the fact that he undertook a wide range of reading quite outside the scope of a medical man's technical equipment, and wrote: "None of this reading was of use to me in my medical career, but the discipline to the mind was beyond price." In the same spirit Sir Josiah quotes Edison's rejoinder to sympathy for an abortive day's work: "Why, man, I got a lot of results; I now know several thousands things that won't work."

Birmingham and Midland Society of Incorporated Accountants.

ANNUAL DINNER.

The annual dinner of the Birmingham and Midland Society of Incorporated Accountants was held at the Queen's Hotel on December 4th. The chair was occupied by Mr. J. R. JOHNSON, City Treasurer of Birmingham and a past President of the Birmingham Society, and amongst those present were Dr. E. Leslie Burgin, M.P. (Parliamentary Secretary of the Board of Trade); Mr. E. Cassleton Elliott, F.S.A.A. (President, Society of Incorporated Accountants and Auditors); the Lord Mayor of Birmingham (Alderman C. E. Goodby, J.P.); the Mayor of Wolverhampton (Mr. B. Kidson, F.C.A.); Mr. W. L. Chance, J.P. (President of the Chamber of Commerce); Mr. Alexander Ramsay, M.P.; Alderman S. J. Grey; Professor C. E. Smalley-Baker, M.A.; Mr. F. H. C. Wiltshire (Town Clerk); Mr. D. F. G. Glanfield (Registrar of the County Court); Mr. P. B. Barnes (Inspector of Taxes); Mr. R. V. Robinson (President, Birmingham Insurance Institute); Mr. A. A. Garrett, M.A. (Secretary, Society of Incorporated Accountants and Auditors); Colonel B. J. T. Ford, F.C.A.; Dr. F. D. Innes (Chief Education Officer); Mr. Clement Hoult (Official Receiver); Colonel A. A. Jayne (Postmaster of Birmingham); Mr. C. Beech (Chairman, Birmingham Stock Exchange); Mr. G. Gibbs, M.A. (Headmaster of Royal Orphanage, Wolverhampton); Mr. R. H. Dodd (Manager, Barclays Bank); Mr. T. O. Gray (Manager, Westminster Bank); Mr. F. Evans (Manager, National Provincial Bank); Mr. J. H. Pearson (Manager, Midland Bank); Mr. D. Tilford Boyd (President, Belfast Society); Mr. R. H. B. Heap (President, Bradford Society); Mr. T. Hayes (President, Yorkshire Society); Mr. W. H. Stalker (President of Newcastle-upon-Tyne District Society); Mr. A. A. Miller, F.C.A.; Mr. J. Turner (President of Manchester Society); Mr. R. H. Woodhead (President of North Staffordshire Society); Mr. S. Foster (President of Bristol and West of England Society).

Mr. ALEXANDER RAMSAY, M.P., proposed the toast of "The City and Industries of Birmingham," and coupled with it the names of the Lord Mayor and Mr. W. L. Chance. He said that in his experience the accountant had known much more about the difficulties of business during the last two or three years than even those who had been conducting the businesses. He suggested that they might more truly call themselves the "Incorporated Society of Winders-up," or the "Incorporated Society of those who advise distressed directors how to placate irate shareholders." (Laughter.) He wished they could persuade Dr. Burgin to persuade the Chancellor to persuade the Bank of England to persuade the issuing houses to persuade the investors of Great Britain, so that once again they should start to build railways or docks or harbours in foreign countries. Then they would get over the difficulties which hampered the heavy trades. In Birmingham they had much to be thankful for, industrially speaking. According to the last official figures Birmingham and district had only 9.7 per cent. of the total insured population out of work. As chairman of the Engineering Employers' Association he could tell them that in several of the more skilled trades there was great

difficulty in getting men. When they compared the state of affairs to-day with the confusion and panic and the hesitancy which existed two years ago, he felt that great credit was due to those who were responsible for directing the industrial life of the city, and as far as he could see the prospects were not unfavourable.

The LORD MAYOR, in acknowledgment, said that Birmingham was not attracting sufficient candidates of the right type for election on the City Council, and he desired to plead with those who were capable and had the time to come forward. Several of their illustrious profession, however, were honourably serving the city, and would make a name both for the city and for themselves. As Lord Mayor he felt it his duty publicly to express the thanks of the city for the great services rendered by Mr. Johnson. Not so long ago they were wondering whether Birmingham was involved in the Hatry crisis, and they were all very happy to know that it was not, and he felt that the credit for that must go to the City Treasurer, Mr. Johnson. (Hear, hear.) Birmingham owed a great deal to the members of the accountancy profession. They were the doctors of industry. Supposing the business man worked very hard and his profits were nil, how kind and soothing his accountant was. He would tell him that no one had made a profit that year, and "you are a wonderful fellow to have come out as you have done." (Laughter.) And if a profit had been made, the accountant would advise caution, as there were obstacles ahead, and reserves must be put aside and income tax provided for. (Laughter.)

Mr. W. L. CHANCE, also responding, remarked that the National Government had done more than any other Government in history to save the country from the crisis which at one time bade fair to overwhelm the whole of their cosmos. But they could have no real prosperity or world improvement in business until world confidence was restored. He believed that would be achieved, and already foreign markets were showing signs of life. Industry had great cause to be thankful for the high standard of accountancy in Great Britain. Business men felt nowadays that, as they had expert auditors to help them, whatever mistakes they made would be put right. He believed this country and the City of Birmingham could go forward with real confidence, and feel that they had in prospect far better times than the last two or three desperate years. (Hear, hear.)

Dr. E. LESLIE BURGIN (Parliamentary Secretary of the Board of Trade), proposing the toast of "The Society of Incorporated Accountants and Auditors," said he was only too conscious of the truth of a statement on page 85 of one of the classical books of reference of their profession: "The most insidious form of misrepresentation is an over-valuation of assets." He wanted to talk to them of the trade and industry of this country, and he wanted to offer no over-valuation of assets in that respect. He wanted in his certificate to state "that the balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the country's affairs, according to the best of my information and the explanations given to me, and as shown by the records of the country." He appreciated that not only was he privileged to address a gathering in a city of more than a million inhabitants, but also his audience was an extremely select and important one. The November figures of unemployment were not yet published, but he would indeed be surprised if there was not a further very considerable drop in the unemployment figures. He had made inquiries of the Minister of Labour that day, and he was told that there was a gradual and continuous expansion in most trades,

and that all except ten were infinitely better off than they were a year ago. He was told it extended to the heavy industries, including engineering, iron and steel, and that these showed consistent progress. The number on the unemployed register in the Midlands at the end of November showed a decrease of 80,000 compared with that of a year ago. In Birmingham itself they had a decrease of nearly 17,000. This reflected very great credit on the leaders of industry in Birmingham, and it was largely due to their energy and the capability of their staffs that, as Mr. Ramsay had indicated, their unemployment figures were about half of the average for the whole country. It was a very great pleasure to His Majesty's Government to delegate to him, one of their junior Ministers, the proud privilege of coming down to their city and congratulating them publicly on the advance they had made in a year of great difficulty. It was his duty, as Mr. Runciman's junior at the Board of Trade, to translate figures into a unit which the common people—their clients, for instance (laughter)—could understand. How many people, year in and year out, were going to be employed for every million square yards of cotton textiles exported as the result of a trade agreement? His audience probably knew the answer. But they were talking in terms of exactitude, and so he would give the real answer. (Laughter.) He was told by his experts, including members of their own profession, that the manufacture of an extra million square yards for export would mean the employment of 100 people for a whole year. Now some people poked fun at the trade agreements negotiated by Mr. Runciman and himself. He would ask them to take the unit he had referred to as a test of two or three figures of trade. Denmark bought in ten months of this year 12,000,000 more square yards of cotton textiles than in 1932, and in terms of employment in the Lancashire cotton industry and in the Yorkshire woollen and worsted industry that meant 1,200 people in full work for a year. The Argentine Republic bought 25,000,000 extra square yards of cotton and yarn manufacture, and Canada bought 15,000,000 more. He wanted to give them for the first time in public a factor by which they could translate millions of square yards of textiles into persons per year employed. Trade agreements not only sought to lower tariffs, but concluded a bargain to sell and purchase in the same market. British industry was now on its toes and looking out for further opportunities of expansion; but he must utter a word of warning against cartels and rings, whose object was to raise prices above the economic limit, and whose methods held up the progress of our export trade. The Government desired the home trade to prosper and the export trade to flourish, and it was an object to which he wished them all to devote their attention in the coming year. Their Society had as its chief aim the provision of sound rules for the proper regulation of their profession, as a sensible and wise institution doing good work should do. There was no one in it whom they would more gladly wish to honour than the President, Mr. Cassleton Elliott, whose name he had the pleasure and honour of coupling with the toast; and he was also allowed to couple with it the name of the Birmingham City Treasurer, Mr. Johnson. After a comparatively small number of years in the profession Mr. Elliott had risen to the great eminence of being their President, and when one saw the calibre of other members of the Society one realised the uphill task which he had surmounted by sheer ability and the confidence which he had inspired. (Applause.)

Mr. E. CASSLETON ELLIOTT (President of the Society of Incorporated Accountants), in response, said they had

listened to a brilliant speech by his friend Dr. Burgin, for which they were all very grateful, and they highly appreciated the honour he had conferred upon the Birmingham and District Society. During the past year the International Congress of Accountants had been held in London. He was very glad to be able to lay stress on the fact that it was an International Congress. They had been thinking internationally. That was what the world must do in the future, and if in their small way they could attempt to give a real lead in that direction, they would have done something for the world's good. That Congress was a great success: there were accountants attending from 22 different countries who came to London to hear of the wisdom of English accountancy; and he could say with confidence that those visiting representatives went back appreciative of the hospitality and grateful for the opportunity afforded them. The membership of the Society of Incorporated Accountants continued to grow, and now exceeded 6,000. He was glad to know from one of the speakers that they were wise and talented, and that they also worked. He could assure him that, as accountants, they did work. They worked for a modest remuneration, and were proud to do that work. He was delighted to hear that there were qualified accountants who were members of Birmingham Corporation. It was difficult for accountants to give up a large amount of time to public life, but they were happy to render that service when and where they could. He would like to draw attention to certain newspaper placards announcing that the rights of shareholders were being interfered with. The difficulty in the case he had in mind arose in regard to a certain very large public company which had sought to detract from the rights of its preference shareholders, holding eleven-twelfths of the issued capital. So far as the problem which presented itself to that particular company was concerned, he had not a great deal to say, but he did think that, as accountants, they ought to look into the question of the rights of preference shareholders generally, because it would be a burning question in the future. During the past few years, both during and after the boom, when capital was being raised for industrial enterprises, preference shareholders demanded a very high rate of interest or dividend. That rate to-day might be a little excessive, but it must be borne in mind that if a Briton made a contract—whether that contract was going to damage him in the future or not—he must stand by that contract. The first point he desired to make was that directors of public companies must observe the sanctity of contract without fear of the result. Unless they did, they were not carrying out their duties properly. His next point was this. It might still happen during the next decade or so that trade would not enable them to pay such a large rate of dividend as had been reserved for these preference shares; and while it was possible to raise preference share capital on a 5 per cent. or somewhat lower basis to-day, it was obviously very difficult for companies which were established a few years ago to pay 7 per cent., 8 per cent., and in some cases 10 per cent. If they admitted this, then they admitted that there was some justification for a reconsideration of the position. But in reconsidering the position they must not try to ride rough-shod over the preference shareholders. The first thing they must do was to explain the position very fully and clearly, giving the facts and figures, together with a lucid explanation of the future of the business so far as they could see it. Then the next step was to say to the preference shareholders that, if it was found difficult to pay the preference dividend, in the future it was desirable that they should, not necessarily cancel, but vary the contract which was made some years ago on certain terms that would be

equitable to them and to the ordinary shareholders. If a fair scheme could be arranged in that way, if the directors would look at the position, not necessarily from the point of view of the ordinary shareholders only, but from the point of view of the whole of the shareholders, then he thought there was a likelihood of dealing with the matter in an equitable manner. Another point to be borne in mind was that in a great many cases of public companies the directors were to a very large extent owners of the ordinary shares. They were the people who were working the business and putting their energies into it and managing it efficiently. And, of course, times having changed, it was only right that the preference shareholders should contribute something by a reduction of their preference dividend, so that the ordinary shareholders might gain something where otherwise they would not. In order to ensure the continuation of efficient management, if they took all these features into consideration and had the facts clearly stated by the accountant—who should be impartial and independent, acting for the shareholders as a whole and not for any particular section—then he believed a fair and reasonable arrangement could be arrived at. So far as the debentures were concerned, there was not much necessity to worry, because various arrangements had already been made with debenture holders by taking advantage of certain optional terms which were more often than not included in debenture trust deeds. Unfortunately the provision in the new Companies Act which gave the right to redeem preference shares came a little too late, because if companies had had the right to redeem preference shares these difficulties would not have arisen. He wanted them to consider that position; and he thought that in the near future, they as accountants would be asked to advise both private and public companies, in an impartial and independent manner as to how the position between preference and ordinary shareholders could be equitably adjusted. (Applause.)

The CHAIRMAN (Mr. J. R. Johnson) also replied. He regretted that the Birmingham President (Mr. Ernest T. Kerr) was in ill-health, and obtained the unanimous endorsement of his suggestion that a message wishing him a speedy recovery should be forwarded to him. He would like to call attention to the words of Lord Macmillan at the recent Law Students' Society dinner in that very room. His Lordship said there was a subtle difference between a trade and a profession. Members of a profession felt that they were aspiring to work for the betterment of the community generally. They had or should have a sense of public duty, and it was that feeling which made their work well worth while. The Birmingham District Society was only one cog in the wheel of the Society of Incorporated Accountants. In Lancashire he believed it was true to say that every Corporation had Incorporated Accountants as auditors. During the last ten years 35 to 40 Incorporated Accountants had served in his own department—at the moment there were 14—and at the present time most of those men were in charge of the financial departments of some 20 or 30 different corporations. (Hear, hear.) Concluding, Mr. Johnson thanked his colleagues who had made the arrangements for the dinner, and mentioned Mr. T. Harold Platts, Mr. T. Hannibal, the Committee and the Hon. Secretary, Mr. P. G. Stembridge.

Colonel B. J. T. FORD, F.C.A., replying to the toast of "Our Guests," proposed by Mr. E. T. BROWN, said that while they recognised the essential nature and greatness of their profession, they should remember the meaning of adventure in commerce to which Dr. Burgin had referred, and not be content to remain practising members when opportunity arose to enter the field of commerce.

Incorporated Accountants' District Society of Liverpool

The Registrar of Joint Stock Companies on his Relations with the Profession.

The annual luncheon of the Incorporated Accountants' District Society of Liverpool took place on Friday, December 1st, in the Exchange Hotel. Mr. ALEXANDER HANNAH (President), was in the chair, and the principal guest was Mr. F. Greenwood (Registrar of Joint Stock Companies), who had promised to speak on "My Relations with the Accountancy Profession during the last 35 years." Others present included: Mr. Arthur D. Dean (Chairman, Liverpool Chamber of Commerce), Mr. T. J. D. Large (Collector, Customs and Excise), Lieut.-Col. F. H. Kempe, Mr. C. Hewetson Nelson, J.P., F.S.A.A., Mr. A. A. Garrett, M.A. (Secretary of the Parent Society), Mr. H. G. Alexander (President, Liverpool Society of Chartered Accountants), Mr. F. W. Poulson (President of the Liverpool Chartered Accountants' Students' Association), Mr. R. E. Perrins (Town Clerk of Southport), Mr. T. A. Molyneux (Inspector of Taxes), Mr. Joseph Turner (President, Manchester and District Society), Mr. Stanley Dumbell, M.A. (Assistant Registrar, University of Liverpool), Major Edward S. Goulding, F.S.A.A. (Vice-President, Liverpool Society), and Mr. W. Bertram Nelson, F.S.A.A. (Hon. Secretary).

Mr. GREENWOOD said he very much appreciated the honour they had done him in asking him to be their guest that day. It was a great pleasure to him to have the opportunity of speaking to a representative body of accountants and expressing his thanks to them for the great kindness he had always received from all members of their profession, during a very close acquaintance extending over 35 years or more. When he left school it seemed likely that he would become an accountant himself, but he was advised to enter the Civil Service, and became a Surveyor of Taxes. He rather liked the term "Surveyor of Taxes," and was really sorry when it was changed to "Inspector of Taxes." While he was a Surveyor of Taxes he received two letters, one addressed to the "Survivor of Taxes" and the other to the "Saviour of Taxes." (Laughter.) When he entered the Service in 1898 the income tax had got up to 8d. in the £. (Laughter.) In those days there were only about 250 districts; each District had a Surveyor, and about 50 of them had an Assistant Surveyor, who was really only a learner. There were also one or two clerks in each District. At present there were 1,800 Inspectors and assistants, and upwards of 13,000 clerks. Great changes had since taken place. It would not do nowadays to say, in respect of the accounts of limited liability companies, "You can get everything from the profit and loss account, with a few stock questions." There were, in the days of which he had been speaking, only 25,000 public companies; very few private individuals sent in accounts at all regularly. Many people came in and brought some sort of accounts, or brought books, and frequently they suggested to the Inspector, in effect, that he should get out the accounts for them. That gave him the chance which he was not sorry to take, of saying that they had better go and see an accountant. There were certain recognised bodies of accountants, and he told the people that they would be pretty safe if they would go to a member of one or other of them. There were, at that time, only two such recognised bodies; others had grown up since. He must have helped accountants to hundreds of new clients in the course of the twenty years of which he was speaking. Slowly the position was growing, and the taxpayer began to feel the greater complexity of the

charges, the various abatements which were allowed, the distinction between earned and unearned income, the questions of obsolescence, wear and tear, &c. People were turning to accountants to look after their taxation affairs. Possibly there was a time when people thought that the Surveyor was out to get as much money as he could, and that it did not matter where he got it from. He hoped that many of them got the other idea into the minds of the taxpayers that they were there to help them to get to the right figure, and that they had no sort of interest in assessments being too high, or too low. In 1892 the total charge for Income Tax was £13,000,000; in 1931 the amount of Income Tax was £288,000,000, or, if Super Tax were added, it was £365,000,000. The Income Tax Department of the Inland Revenue was very proud of the way in which it had been able to deal with that enormous increase of work, in complexity, as well as in amount, but they all recognised that that would never have been possible without the loyal co-operation of the accountancy profession. Not only was he returning thanks himself for personal favours, but he felt he could do it on behalf of the Department. Inspectors of Taxes in his time were not usually allowed to stay in a District for more than five years. That at least had one advantage: they enlarged their circle of acquaintances among accountants in all parts of the country. In 1914 the catastrophe of the war brought about unparalleled changes. Not only had they to deal with an Income Tax running up to 5s. in the £—it was 6s. once—but they had charge of the Excess Profits Duty, which ran up to 80 per cent. It was impossible to think of the taxpayer dealing with those affairs himself; he relied more than ever on the accountants. Tax Inspectors were working then at very high pressure, with staffs depleted by men going to the war. Accountants were in the same position. If the men in the Income Tax Department had not been on good relations with the accountancy profession they could never have done what they did. At that time the Department had very definitely to get the help of prominent members of the accountancy profession. The Board of Referees, of which Mr. C. Hewetson Nelson was one of the first members, was set up to fix special scales of allowances for particular classes of trade or business. It would have been quite impossible to settle problems of that kind in each individual case. The Department was very grateful for the work which Mr. Nelson and his colleagues did in that connection. With the end of the war he left the Tax Department, but he was dealing with Excess Profits Duty questions in the Secretary's Office at Somerset House for several years afterwards, and that brought him in touch with accountants dealing with really big concerns, and performing the very difficult work of clearing up cases where enormous arrears were outstanding. Two years ago he moved—still as a Revenue Official—to a job which was partly under the Board of Trade; he was now the Controller of Stamps under the Board of Inland Revenue, and also the Registrar of Companies under the Board of Trade. It was very convenient for the Register of Companies to be kept at Somerset House, on the ground of geographical position, but also it was important for the Registrar to be Controller of Stamps because Stamp Duties were payable on nearly every transaction which he registered. As Registrar of Joint Stock Companies he was responsible for the care of papers concerning about 275,000 companies, of which 120,000 were still in operation, the balance being "dead" companies. He had to keep the papers for the "dead" companies as well as the "live" ones. The papers of the "live" companies were segregated from those of the "dead" companies. Somewhere underneath the courtyard of Somerset House there had been, at some time,

a human graveyard. Somewhere near that human graveyard was now a graveyard for "dead" companies; there were 150,000 of those "dead" companies' files there. He had 8½ miles of shelving under Somerset House. The papers relating to companies registered in 1932 alone occupied 200 yards of shelving. In 1932, 262,000 documents were added to those files. The files were open to public inspection, and in 1932, 174,000 applications were made for searches. Apart from that, the files were often required for official purposes. It might be of interest to them to know that there was one company on the Register with a capital of one halfpenny, in which two shares had been issued of a farthing each. That company had been on the Register for quite a number of years. Before the days when stamp duty had to be paid on the nominal capital of the company, some companies were registered with enormous capitals. One company was registered in 1869 with a capital of £100,000,000; it had paid-up capital of £200, but never got beyond that, and it died after 15 years. (Laughter.) In closing, Mr. Greenwood said how pleased he was to have that opportunity of thanking accountants for the kindness of their relations to him in connection with the Revenue Department. (Hear, hear.)

Mr. C. HEWETSON NELSON, F.S.A.A., in proposing a vote of thanks to Mr. Greenwood, said it was extremely good of him to leave his office at Somerset House and journey down to Liverpool to address them. They greatly appreciated the honour of his visit.

Mr. A. A. GARRETT (Secretary of the Society of Incorporated Accountants and Auditors), who proposed a vote of thanks to Mr. Hannah, the President, said he was sure that it had afforded Mr. Hannah pleasure to be supported by such a large and enthusiastic gathering of members and students assembled to express their appreciation of Mr. Greenwood and the representatives of the other Departments of His Majesty's Government, with whom they came into contact. He thought that during the course of his secretarial duties he had had dealings with almost every Government Department, with the possible—and regrettable—exception of that of the Paymaster-General—(laughter)—and in every case he had received the greatest courtesy, and in many cases sympathetic help. (Hear, hear.)

Mr. ALEXANDER HANNAH (President of the District Society) in responding, expressed pleasure that so many members of the Society had supported the efforts of Mr. W. Bertram Nelson, the Honorary Secretary, to make that luncheon worthy of a District Society which was one of the foremost in the country.

Changes and Removals.

Messrs. Powell, Jerome & Co., Chartered Accountants, have removed their offices to Eden Place Chambers, 71, Edmund Street, Birmingham.

Messrs. Cooper & Kenny, Incorporated Accountants, 34, Dame Street, Dublin, announce that they have admitted into partnership as from January 1st, 1934, Mr. Thomas R. Beddy, A.S.A.A., who has been a member of their staff for ten years. The name of the firm will remain unchanged.

Messrs. Morgan, Crumpton, Cappleman & Co., Incorporated Accountants, intimate that their London office has been removed from 15-16, Newman Street to 11, Argyll Street, Oxford Street, London, W.1.

Mr. Maurice Thompson, Incorporated Accountant, advise a change of address to Victoria House, Southampton Row, London, W.C.1.

Railway Accounts.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London and District by

Mr. R. G. DAVIDSON, F.S.A.A.,
Joint Accountant, Southern Railway Company.

The chair was occupied by Mr. WILLIAM STRACHAN, Incorporated Accountant.

Mr. DAVIDSON said: It is scarcely within the scope of this paper to deal exhaustively with the historical aspect of railway accounts, but a brief reference may be interesting and will enable you to follow the various stages leading up to the introduction of the comprehensive set of accounts and returns now published by railway companies.

The original railway companies of this country were incorporated either by Special Act of Parliament or by Certificate of the Board of Trade issued in pursuance of the Railways Construction Facilities Act, 1864. Being statutory companies, they must be distinguished from joint stock companies formed under the Companies Acts. They are governed by the provisions contained in their Special Act, or Certificate, as the case may be, in addition to those comprised in the various restricting and enabling statutes, especially relating to railway companies in general, and in numerous statutes affecting railway companies in common with other corporations and persons.

Prior to the year 1868 no precise form of accounts was prescribed for railway companies, although certain requirements with reference to accounts were placed on such companies as came within the scope of the Railway Regulation Act, 1844, and the Railways Clauses Consolidation Act, 1845.

The keeping of full and true accounts was, however, obligatory on all railway companies under the provisions of the Companies' Clauses Consolidation Act, 1845, but the form in which such information had to be prepared was left to the discretion of individual companies, and, as a consequence, great diversity of practice prevailed.

Even in the early days of railways this was felt to be unsatisfactory, but the question does not appear to have been seriously dealt with until after the issue of the report of a Royal Commission in 1867.

Following this report, the Regulation of Railways Act, 1868, was passed, which made it compulsory for all railway companies to render their accounts half-yearly in accordance with the forms prescribed in the first Schedule to that Act.

The 1868 Act was passed at a period when the railway activities of this country were on a comparatively small scale, but of late years the railways had largely extended what I may call the "ancillary" part of their undertakings and had become the proprietors of steamboats, docks, canals, omnibuses, hotels and even golf links.

Under the old statutory system of accounts there were no means of showing to the shareholders and the public distinct accounts of the railway proper nor the revenue and expenditure accounts of the various other enterprises which had developed so enormously.

In consequence of this state of affairs, and owing to a lack of uniformity in the accounts as presented by the various companies, which made them difficult of comparison, the Railway Companies Association in 1903 appointed a Committee of Railway Accountants to consider and report what changes were desirable in the form and scope of the accounts and statistical returns.

That Committee sat for three years, and the result of its deliberations proved of great assistance to a Government Departmental Committee which was appointed in 1906 for a similar purpose. As a result, the Railway Companies (Accounts and Returns) Act, 1911, was drafted, and eventually (largely as an agreed measure) added to the Statute Book.

The Act of 1911 prescribed that, as from January 1st, 1913, every railway company must prepare annually accounts and returns in accordance with the form set out in the First Schedule, and were to be made up to December 31st in each year. The companies were specifically exempted from the necessity of compiling accounts or balance sheets or holding ordinary general meetings more than once a year.

The measure, however, although it ensured uniformity, was by no means free from defects and did not escape criticism, and one high authority caustically suggested that the additional labour and expense imposed upon the companies in preparing and distributing these annual bulky reports would only render more difficult the task of the average shareholder in searching for the only item which really interested him, namely, the dividend.

It is, of course, quite true that the printing and distribution of the full accounts involve considerable expenditure. You will realise this when I tell you that the L.M. & S. Co. use no less than 20 tons of paper for their report and accounts, and my little company (the Southern), with its 90,000 shareholders, requires about 5½ tons. It is curious that there is no statutory obligation upon a railway company to issue such report and accounts to its shareholders, and within the past few years an innovation has been adopted by the issue to the stockholders of a condensed statement of the financial results for the year, in which an intimation is made that a full copy of the accounts and statistical returns, in statutory form, would be furnished upon application, and it is surprising what a small percentage of the shareholders do apply for the complete copy.

Further alterations in the form were prescribed by the Railway Companies (Accounts and Returns) Order, 1928, made by the Minister of Transport, which took effect commencing with the accounts for the year 1928.

These alterations were largely the outcome of the provisions of the Railways Act, 1921, the object being to secure a greater degree of uniformity between the companies and to assist the Railway Rates Tribunal in connection with their periodical reviews of "standard" and "exceptional" charges.

In addition to the accounts and returns required by the 1911 Act and 1928 Order the companies agreed to furnish the Minister of Transport with certain information relative principally to docks, harbours and wharves.

In 1919 the Ministry of Transport Act was passed which authorised the appointment of a Minister of Transport and the transfer of all powers and duties in relation to railways of any Government Department (principally the Board of Trade) to such new Ministry.

There was much activity relative to the future of British railways during the two years following the establishment of the Ministry of Transport, as a result of which a very important Act (certainly the most far reaching legislation in the history of railways) was passed, known as the Railways Act, 1921.

Under this Act no less than 120 undertakings were amalgamated into the four principal companies well known to you all, viz :—

				Capital (upon which interest and dividends are payable)
				£m
L.M. & S.	..	..	..	414
L. & N.E.	..	..	..	377
G.W.	..	..	..	147
Southern	..	..	..	157
Total	..	..	..	1,095

In addition, the whole basis of financial operation was altered by abolishing the statutory maxima as regards railway charges and providing for the adjustment of rates and charges under the authority of a "Railway Rates Tribunal"—a Court set up under the Act. The rates and charges were to be adjusted to enable each group to earn, as far as practicable with efficient and economical management, a "standard revenue" which represented broadly the aggregate net revenues of the year 1913 of the companies forming the several groups, plus certain allowances in respect of additional capital, &c.

From this brief historical survey we may now pass to the form of accounts and statistical returns as published annually by the companies at the present time. For convenience of reference copies of the Southern Railway Company's accounts for the year 1931 (together with the condensed statement to which I have referred) have been distributed round the hall, and perhaps you will follow me as I go through them. They are framed on definite lines, Part I consisting of financial accounts (capital, revenue receipts and expenditure and balance sheet), and Part II, statistical returns. Part II is arranged to illustrate statistically the operations dealt with financially in Part I, and provision is made for the first time for showing the operations of the ancillary businesses of the companies separately from railway working.

The accounts are designed on what is termed the "double-account" system, generally adopted not only by railway companies but also by gas and water companies when the bulk of capital is expended in the purchase of fixed assets which are used to earn revenue, and not for purposes of re-sale. For those junior members of the Society who have not yet appreciated the distinction I might explain that the principal difference between the double and single account systems is in the method of setting out receipts and expenditure on capital account. In the case of the double account system separate statements are prepared showing, on the one side, all moneys subscribed by share, loan or debenture holders on capital account, and, on the other hand, how such sums have been expended in purchasing and equipping the undertaking, the balance of receipts over expenditure, or *vice versa*, being carried in one item to the balance sheet. In the single account system all capital transactions are summarised and included in the balance sheet.

With the double account system the assets charged to capital are not written down by reason of diminished value due to wear and tear or obsolescence, but, where necessary, a depreciation fund is created by charging revenue account with an annual sum and crediting the fund with a like amount.

The original authors of the double account system appear to have contemplated that provisions for depreciation would not be necessary, and that the periodical renewal of assets out of revenue would be sufficient to maintain the value of the capital assets. Under the form of accounts scheduled to the Act of 1868, no specific provision was made for depreciation funds.

In later years, however, the necessity for instituting proper depreciation funds became more and more apparent, and the practice grew amongst the companies of providing funds for renewals of permanent way, rolling stock, and the like, thereby tending not only to equalise annual charges to revenue account, but to cover the expired life of assets falling due for complete renewal at a subsequent date.

Under the Act of 1911 specific provision was made in the balance sheet for dealing with depreciation funds.

If you will be good enough to turn to the first Table, No. 1 (a), you will observe it is headed No. 1 (a), "Nominal Capital Authorised and Created by the Company."

It must be remembered that railway companies derive all their powers from Parliament, and their Special Acts usually specify the amount of capital that may be raised by (a) shares and/or stock; (b) loans and/or debentures.

The authorisations under the Acts generally relate to "nominal" amount of capital, e.g., if a company be empowered to raise, say, £1,000,000 as shares or stock, and owing to market conditions such shares or stock have to be issued at a figure lower than its "par" value, they will only get as a capital receipt the sum realised by the issue of stock of £1,000,000 nominal value, or, on the other hand, should the stock be issued above "par" the company would get a larger receipt on capital account than £1,000,000. In some cases, however, the Act gives "cash" powers, that is to say, the company is authorised to raise a specified sum of money, so that if stock be placed on the market at a figure above or below "par" the nominal amount of stock to be issued would be fixed at an amount which, at the rate of issue, would furnish the amount of money authorised.

If the authority grants "cash powers," thus admitting of the issue of sufficient "nominal" capital to produce the requisite sum, the item requires to be marked with an asterisk, and a footnote inserted as follows: "This item represents powers to raise cash to the extent stated, and is, therefore, subject to variation according to the nominal amount of stock required to be issued to provide authorised moneys."

Before the capital authorised to be raised can be issued it must be "created." Accordingly, when it is desired to "create" additional stock, a resolution is submitted at a special general meeting of the company to the effect that so much stock or loan capital authorised under the Companies Act of such and such a year should be "created," or the resolution may specifically delegate power to the directors to "create" stock to a given amount, and to issue it at such times and on such terms and conditions as they deem expedient. In this event, "creation" is not effective until authorised by a resolution of the board of directors.

The amounts of loans and/or stock so "created" are entered in the three columns of Statement No. 1 (a) headed "Capital Created"—the balances, representing the differences between the amounts "authorised" and those "created," being extended into the three cash columns headed "Balances."

So long as the powers conferred by any Acts are not fully exercised, the titles and dates of the authorising Acts must continue to be shown in chronological order in the first column under Section II—"Special Acts conferring capital powers which have not yet been fully exercised." As soon as the powers are fully exercised the totals are transferred to Section I—"Special Acts conferring capital powers which have been fully exercised."

Where, however, "cash" powers are concerned, the item must not be transferred to the "fully exercised"

section until the full nominal amount of the stock to be issued to provide authorised moneys has been ascertained.

The term "fully exercised" is interpreted as applying to the creation and not to the issue of stock.

No. 1 (b), "Nominal Capital Authorised and created by the Company jointly with some other Company," is similar in form and principle to No. 1 (a), except that it concerns capital powers which are held and exercised not by the company in its own name but jointly with some other concern. (This is not applicable in the case of the Southern Company.)

No. 1 (c), "Nominal Capital Authorised and created by some other Company on which the Company either jointly or separately guarantees fixed dividends," is also framed on similar principles to (a) and (b), but in this statement is entered the capital authorised and created by some other company on which the company concerned either jointly or separately guarantees the payment of fixed dividends on the stocks.

No. 2, "Share Capital and Stocks Created, as per Statement No. 1 (a), showing proportion issued." This statement takes the capital transactions a stage further, and shows how much of the capital "created" as entered in No. 1 (a) has actually been issued. In this statement, however, shares and stocks are described according to denominations with particulars of preferential or fixed dividends (if any) to which they are entitled and any other conditions which may attach thereto. They are arranged in groups, viz: Guaranteed; Preference; Ordinary.

In the second money column—"Amount received (apart from premiums and discount) as per Account No. 4"—there is shown against each class of share or stock the par value of the securities originally issued, disregarding all premiums or discount arising in connection with such issues. Nominal additions or deductions, such as have arisen on amalgamations, or conversions of stock, are shown in the next column, while the last gives the amount of each stock upon which dividends are payable.

No. 3, "Capital Raised by Loans and Debenture Stocks," has a similar function as regards loans and debenture stocks as No. 2 has for shares and stocks, although compiled in a somewhat different form. The lower part of the statement is designed to show the available borrowing powers at the end of the year. Before arriving at this figure you will notice there is an item (being a deduction) in respect of the capitalised value of rent charges, &c. This is a statutory requirement that in the event of a company acquiring any land in consideration of the payment of a rent charge, feu duty, &c., the authorised borrowing powers must be reduced by an amount equal to 20 years' purchase of the annual sum payable.

No. 4, "Receipts and Expenditure on Capital Account." This account is important and particularly interesting, as it tells us on the credit or "receipts" side the actual amount of cash subscribed by the proprietors. It should be noted that all nominal additions are excluded, also that premiums realised by railway companies on issues of stocks must be credited to capital account, and are never transferred to the credit of reserve accounts, as frequently happens with limited liability companies.

The debit side of the account is also of interest as it shows how the capital subscribed has been spent. It is classified under well defined heads, which I need not enumerate. I should, however, like to draw special attention to one item, viz, docks, harbours and wharves. The fixation of the line of demarcation between docks on the one hand and railway on the other, has always presented considerable difficulty, owing to the fact that

within the area contiguous with the dock, rail and dock operations are closely interwoven, and in recent years considerable controversy has arisen on the subject. In the past the general practice has been to regard all railway running lines and sidings and signals connected therewith, within the dock area, as being "railway," and accordingly capital expenditure on work of this nature has been included under "Lines open for traffic."

Under a recent decision of the Court of Appeal, however, the delimitation of the areas to be regarded as "docks" must be governed by the statutory enactments authorising their construction. Consequently, in deciding the expenditure to be included under this head, regard will now have to be had to the Acts of Parliament under which the docks, harbours and wharves were authorised, notwithstanding that this method of determining dock areas will militate against uniformity in the charging of capital expenditure as between one dock and another, and, in certain cases, even between like portions of the same dock.

In the statutory form provision is made for the "balance" falling on either side of Account No. 4. In the case of all the four "Group" Companies, capital expenditure has exceeded the receipts, and in consequence the debit balance is shown on the assets side of the balance sheet.

A word of explanation may be needed as to how a company is in a position to spend more on capital account than it has received for the purpose. The reason is that the company has considerable accumulated moneys for superannuation funds, pension funds, savings banks, &c.; and pending the utilisation of these moneys for the purposes for which they have been accumulated they are available to finance the overdraft on capital account, and so avoid the necessity for capital issues of small amounts at frequent intervals. In other words, these accumulated moneys are invested in the business.

No. 5, "Details of Capital Expenditure for year ended December 31st, 1931." This statement is the complement of No. 4 account, but gives more detailed particulars of the capital expenditure during the year of account, under each head.

No. 6, "Estimate of Further Expenditure on Capital Account." This statement is, from its nature, a very difficult one to compile accurately, and, being principally a forecast of anticipated outlay, must only be regarded as a broad indication of contemplated capital expenditure.

It contains an estimate of the additional capital expenditure during the ensuing year, and subsequently until the works scheduled are completed.

No. 7, "Capital Powers and other assets available to meet further expenditure on Capital Account," is the final one dealing with capital transactions, and its function is to give an indication of the capital resources available to meet the estimated further outlay on capital account without going to Parliament for further powers.

Turning now to the revenue accounts it will be convenient to consider first No. 8, "Revenue Receipts and Expenditure of the whole undertaking." This account summarises the receipts and expenditure of the whole undertaking, consisting of the railway itself and the other businesses carried on—road transport, steamboats, canals, docks, harbours and wharves, hotels and collection and delivery of parcels and goods. For the railway, and each ancillary business, there are separate and distinct working accounts to which references are given in the left hand marginal column of Account No. 8. Then follow the net receipts from rents and interest, which are classified under the head of "Miscellaneous Receipts (net)." Rents are

mostly derived from surplus property, railway arches and refreshment rooms, while the general interest item is derived mostly from the company's investment of moneys belonging to the superannuation funds, the savings banks and the reserve funds for the renewal of the permanent way, buildings, rolling stock, steamboats and so on.

"Miscellaneous Charges"—the largest item being "Interest on superannuation and other funds"—is then deducted from the total of all these net receipts, and we thus arrive at the net revenue for the year, available for payment of interest and dividends on capital as shown in statements Nos. 2 and 3.

No. 9, "Proposed Appropriation of Net Revenue." The first item, "Balance brought forward from last year's account," represents the amount remaining at the end of the year to be carried forward and now brought forward into the current year's account. To this sum is added the total "net revenue" for the year, as shown in statement No. 8, and should there be any special items (either debit or credit) which could not find their proper place in statement No. 8—e.g., profit or loss on realisation of investments or an appropriation from general reserve (if required)—they would be brought here as special items.

If it is proposed to make an appropriation to general reserve, such amount would be entered after deducting the charges for interest on loan and debenture stocks. From the "balance available for dividends" are deducted the dividends on guaranteed and preference stocks, leaving the "balance available for dividends on ordinary stocks."

If the ordinary stock is divided into preferred ordinary and deferred ordinary the proposed rate of dividend and amount applicable to each must be set out.

Provided the foregoing distributions proposed to be made do not wholly exhaust the available income, the residue is shown as "balance carried forward to next year's account."

Before leaving statement No. 9 I should mention that so long as the total net revenue for the year is adequate for the payment of interest and dividends on all loans and stocks, the question of priorities of the various classes of capital gives rise to no particular difficulty. If, however, the balance available for distribution be insufficient for this, the relative value of their priority at once becomes a matter of the greatest importance. It is not always practicable, however, to marshal the various classes of stock in the "Appropriation Account" strictly according to the rights attaching to each class, but broadly the order of priority is observed.

The provisions of the general law may be and frequently are modified or excepted under the Special Acts of the companies. "Perpetual Annuities," shown on the print before you, is an example of stock to which prior rights attach. Originally they were the "Reading Annuities" of the old South Eastern Railway Company. They were issued under the powers of that company's Acts of 1852, in exchange for the original "Reading, Guildford and Reigate" shares, and in accordance with the terms of issue constituted a charge upon the entire undertaking, and ranked in front of all debenture stocks, subject only to priority of a mortgage debt and interest. The annuities were taken over by the Southern Railway under the amalgamation scheme arising out of the Railways Act, 1921, and an option was given for the holders to convert into 4 per cent. debenture stock of the amalgamated company. The annuities in respect of which the option to convert was not exercised are at the present time shown in the Southern Railway Company's account as a pre-debenture liability.

No. 9 (a), "Statement of Interim Dividends paid." This statement shows the interim dividends in respect of the half year to June 30th, declared and paid in pursuance of the powers conferred by sect. 4 (2) of the 1911 Act.

I may, perhaps, be allowed to diverge at this point for a few minutes to draw attention to the serious financial position of railway companies at the present time.

It is well to remember that railway companies are fundamentally, and first and foremost, bodies of persons trading for profit. The people who originally formed the companies risked or adventured their money in the trade of railway transport, and, in the national interest, the State gave them the right to carry on such trade, placing them at the same time under numerous obligations.

The existing body of shareholders inherit those rights and obligations, modified by successive Acts of Parliament, and the companies remain to this day bodies who may be likened to merchant adventurers trading for profit under the charter of Parliament.

The idea of public service is there, of course, and of profound importance, and not to be under-rated in any consideration of the subject of railways, but the point I want to make is that the whole structure of railways is built upon the rock of finance. Without adventurers to risk their money there would have been no railway companies, and perhaps no railways.

If we turn from shareholders to staff, what is the foundation of the relationship between the staff and the company? Obviously a financial one. As shareholders we give our money, and as employees we give our services, in return for a monetary reward. Turn from railways for a moment and look at the world-wide depression; we are told that this is largely caused by currency problems and monetary policy. Consider the acute and widespread misery caused by a bank failure, or by other disturbances made possible by loose financial matters, such as the Liberator or the Hatry cases.

Finance is fundamental; it cannot be ignored; it cannot, with safety, be belittled.

It is said with much truth that men can stand up under any sort of serious trouble except serious financial trouble. What is true of individuals is trebly true of industrial undertakings.

In business the fear of bad finance is the beginning of wisdom.

The importance of the railway industry to the country has been indicated by the Railway Pool Committee, who, in their report—since adopted by the Ministry of Transport—spoke of the railways as "a vital national industry stricken during a period of unexampled depression up to a point which threatens exhaustion."

The companies have continued their efforts to attract and create new traffics, and have tried to offset their losses by economies and improved methods of working, but the volume of traffic available to be carried has considerably diminished, due to the continued decrease in the trade and output in industry of the country.

The railway traffic receipts of the four Group Companies for the last few years prove this, unfortunately, only too well. They are as follows:—

Traffic receipts, 1929	..	£181,090,758
" " 1930	..	171,007,217
" " 1931	..	156,992,703

The traffic receipts of the four companies for the current year (1932), 44 weeks to date, are £12,339,000 (9 per cent.) below the corresponding period of last year, and £24,858,000 (17 per cent.) below a similar period of 1930.

The net revenue of the railway companies has been steadily decreasing during recent years, i.e. :—

Net Revenue, 1929	..	£44,983,143
" " 1930	..	37,716,114
" " 1931	..	33,370,536

Compare this last figure with the standard revenue for 1931, determined by the statutory Railway Rates Tribunal at £51 millions, and we arrive at a deficiency of £18 millions, or 35 per cent.

A successful undertaking cannot stand still. There must always be progress and expansion, and it must be obvious to all that so long as a railway company can only offer a poor return to its stockholders it cannot attract the new capital necessary for development, except at a very high rate of interest, which reflects to the detriment of the holders of ordinary stocks where dividends have been reduced so seriously, and in some cases to vanishing point.

The economic position of the industry is unquestionably much worse to-day than it was in 1931.

It is not within the province of this paper to discuss the question of why this state of affairs has arisen nor what are the remedies. The increasing seriousness of the situation has, however, compelled the railway companies to the conclusion that, in the present state of trade, substantial relief must be granted if the railway industry is to play its part adequately as a vital national service.

Discussions on the question of labour costs, which account for approximately two-thirds of railway expenditure, are proceeding between the four Group Companies and the three Railway Trade Unions.

The total wages and salaries bill of the four companies in 1931 was £102 millions, compared with £47 millions pre-war, an increase of 117 per cent.

As you all know, the relationship between road and rail has recently been dealt with in the Salter Committee Report.

Sir Herbert Walker (Chairman of the Railway General Managers' Committee), in a statement made at the time, pointed out that the report shows that the railways are labouring under a dual penalty, inasmuch as their road competitors are enabled to charge lower rates and fares than are compatible with the payments they should make to the State and local authorities, and, at the same time, the railways are bearing, through the incidence of local rates, a heavy burden towards the upkeep of the roads.

Sir Herbert Walker further stated that it would be a mistake to suppose that if all the recommendations contained in the Salter Report were adopted the British railway industry would be restored to its former state of prosperity. This, obviously, must depend to a very large extent on the general well-being of the country itself.

To come back to the accounts.

No. 10, "Receipts and Expenditure in respect of railway working." This account in part forms a summary of the principal items of expenditure in regard to which we must look to what are called the "abstracts" for the detailed transactions.

I do not think it necessary, and certainly there is no time this evening, to explain exhaustively all the items comprised in these abstracts. Similarly we must pass over Accounts Nos. 11 to 16, which show the revenue receipts and expenditure of the "ancillary" businesses. There are one or two matters, however, to which I should like to refer before we deal with the balance sheet.

No. 10, "Gross Receipts from railway working." Government regulation has always applied to the fixing of railway rates and charges, a somewhat complicated and difficult subject. Prior to the Railways Act, 1921, the classification of merchandise in force was divided into eight separate classes with scales of maximum rates for each, the principle being that the charges might be varied in such manner as the companies deemed expedient, provided the fixed maxima were not exceeded. Under the Railway and Canal Traffic Act, 1894, however, the position was considerably altered, and if a company desired to increase a rate, even though such increased rate was within the Parliamentary maxima, then in the event of any complaint the onus of proof lay with the railway company that the charge was a reasonable one. These difficulties continued until the passing of the Railway and Canal Traffic Act, 1913.

The passing of this Act arose out of the railway strike of 1911, when the Government promised the railway companies that if they granted concessions to the railway employees an Act would be passed authorising the additional expense to be recouped by the increase (within the statutory maxima) of rates and charges.

In accordance with the provisions of this Act, various rates and charges were increased as from July 1st, 1913.

The revolutionary change in the financial position of the railways, which arose during the period of Government control, due to the enhanced rates of wages and shorter working days granted to railway employees, and to the increased cost of materials by reason of the altered purchasing power of money, made it apparent that, at the termination of control, some drastic amendment would be required to the powers of the companies for charging passenger fares and rates for merchandise and mineral traffic.

The advance in costs had been so considerable that any variation of rates and fares within the existing Parliamentary maxima would have been wholly inadequate to restore the pre-control financial equilibrium.

As I have already mentioned, under the Railways Act, 1921, an entirely new principle is attempted. A new Court was appointed, called "The Railway Rates Tribunal," and they are required to fix the rates and charges on such a level as will, with other sources of revenue, as far as practicable, yield with efficient and economical working and management an annual net revenue known as the "standard revenue." There is now a new classification of freight train traffic embracing 21 different classes (excluding coal), and it should be noted that these are not maximum charges, as in the past, but are standard charges without variation in either direction, "unless by way of exceptional rate or exceptional fare."

If you will now turn to the expenditure side of Account No. 10 you will see an item "Railway freight rebates fund rate relief," about which I should like to say a few words, as on more than one occasion there has been some misconception in regard to the de-rating of railways.

Under the provisions of the Local Government Act, 1929, sect. 68 (1), a scheme was brought into operation for relief from local rates in respect of industrial and freight transport hereditaments. The section provides that as from the appointed day (October 1st, 1929) the rateable value of industrial hereditaments or freight transport hereditaments used wholly for industrial purposes or wholly for transport purposes, as the case may be, shall be taken to be one-quarter of the net annual value thereof.

The relief granted under the Act to occupiers of industrial hereditaments is retained by them for their own benefit, but the relief granted to the railways must be passed on and allowed to traders by way of rebates from or reduction in the charges made for the conveyance of certain selected traffics.

A fund has been established, called the "Railway Freight Rebates Fund," which is administered and controlled by the Railway Clearing House. The companies are required to estimate their rate relief in respect of each year ending September 30th, and to pay to the fund, by equal monthly instalments, the amount of such estimated relief, an adjustment being made when the actual rate relief for the year has been ascertained.

Out of the amount paid to the fund in respect of each year a contingency reserve is set aside for the purpose of meeting any deficiency in the fund at the end of the year. The sum set aside must not exceed 5 per cent. of the amount paid to the fund; the amount set aside in the past year was at the rate of $1\frac{1}{2}$ per cent.

There is paid out of the fund, in respect of every year, a percentage of the rate relief for administrative expenses; the percentage for the past year was 1 per cent. Of the amount so paid out the Railway Clearing House receive their administrative expenses as actually incurred, and the balance remaining is apportioned among the companies in proportion to the rebates paid by them under the scheme.

The companies are reimbursed out of the fund the amount of the rebates which they have allowed from the conveyance charges.

The classes of traffic to which rebates are applied are as follows:—(a) Agricultural (selected); (b) coal class (exported or delivered to and used in iron or steel works); (c) other industrial (selected) delivered to a mine or to iron or steel works.

The rebates must be so calculated as to absorb the net revenue of the fund as near as possible in the following proportions: Class (a) above, one-fifth; Class (b), seventenths; Class (c), one-tenth.

If the net revenue of the fund for any year is insufficient to pay the amount of rebates provided for, one moiety of the deficiency is made good by the companies and the other moiety charged to the contingency reserve.

Any amount standing to the credit of the contingency reserve at the end of any year, after charging the moiety of the deficiency (if any), is brought forward as part of the general moneys of the fund.

Any balance standing to the credit of the general account of the fund at the close of any year must be brought forward therein.

The Railway Rates Tribunal must review the operation of the scheme within two months after the end of every year, and in certain circumstances may make such modifications in the scheme as they think necessary.

The amount of rates (25 per cent.) which the railway companies are still required to pay to local authorities is charged under the heading "Rates" in Account No. 10. The amount of rate relief (75 per cent.) is debited under the heading "Rate Relief," and paid to the Railway Clearing House as already explained. Traffic receipts, on which rebates to traders are allowed in accordance with the scheme, are credited in full to railway working account, the amount of rebates allowed being recovered from the Railway Clearing House.

At the close of the year ending September 30th, should any deficiency exist in the fund due to the rebates exceed-

ing the net amount of the Fund, 50 per cent. of the deficiency is to be apportioned amongst the railway companies on a basis to be agreed, or, failing agreement, in ratio to total receipts from the selected traffics, and each company is to debit its proportion in Account No. 10 under the heading "Railway Freight Rebates Fund—Deficiency."

The rating of railways is a most important but very complicated question, and one could devote a whole evening to this subject alone. I will merely mention that, prior to the War, the method was known as the parochial basis, which involved the ascertainment of the value of the parts of the undertaking lying within each parish, necessitating an analysis of the accounts and the extraction of the rating elements therefrom in order to answer the question "What rent would a hypothetical tenant be willing to pay for each part?" The old method is entirely altered by the Railways (Valuation for Rating) Act, 1930, and superseded by what is known as the "cumulo" method.

By this Act the principle of "valuation in cumulo" is applied to railway undertakings, and the assessment of railway hereditaments in England is to be determined by a railway assessment authority, constituted under the Act, and not by the rating authorities and assessment committees.

No premises occupied as a dwelling house, hotel or place of public refreshment, or so let out as to be capable of separate assessment, are deemed to be, or form part of, a railway hereditament. Such premises will still be assessed by local rating authorities and assessment committees.

The railway assessment authority are to prepare a railway valuation roll as soon as possible, and thereafter at intervals of five years. In preparing the roll the authority are to—

1. Determine the net annual value of the undertaking of a railway company as a whole;
2. Apportion the net annual value so determined among all the railway hereditaments occupied by that railway company;
3. Calculate the rateable value of every such hereditament by reference to the net annual value so apportioned to it.

NET ANNUAL VALUE.

The preparation of the first Railway Valuation Roll to be made in accordance with the Act is a task of great magnitude and much complexity. For such first valuation roll the average net receipts for the years 1928 and 1929 are to be ascertained, and for subsequent rolls the average receipts for a period of five years. An estimate is to be made (by reference to the average net receipts) of the rent at which the railway hereditaments might reasonably be expected to let as a whole, if the tenant undertook to pay all the usual tenant's rates and taxes and to bear the cost of the repairs and insurances and other expenses in a state to command the rent. This estimated rent is to be deemed the net annual value of the company's undertaking.

In the case of a company's undertaking which is carried on both in England and in Scotland, similar provisions apply, but an Anglo-Scottish Railway Assessment Authority (known as "The Joint Authority") will ascertain the average net receipts and apportion them between England and Scotland. They will also certify to the Railway Assessment Authority and the Assessor of Railways and Canals for Scotland the amount so ascertained and apportioned.

There is just one other matter to which I will refer before coming to the balance sheet, and that is an item in

the abstracts and accounts, "Transfer to or from Renewal or Suspense Account." It will be convenient to explain this in conjunction with "Depreciation and Renewal Funds."

The designers of the "double-account" system of book-keeping, upon which railway companies accounts are framed, appear to have contemplated that the renewal of assets, at the expense of revenue account, as and when such assets reached the end of their effective life, would automatically maintain the capital value of the undertaking without the necessity for making provision for depreciation. In actual practice, however, it became apparent, particularly in the case of growing undertakings, that the mere charging of actual outlay on renewals, as effected, was neither entirely satisfactory nor sufficient.

With undertakings that had reached, or were approaching, maximum development it was probable that the quantum of renewal required to be executed annually provided a fairly regular annual charge to revenue account, but, even in such cases, there always existed accrued wastage in respect of the expired life of assets not yet due for renewal.

The effect of not providing currently for depreciation was even more marked where undertakings were in process of development, as the hiatus was enlarged between the time when the wastage of assets was occurring and when the ultimate charge to revenue account in respect of renewal came to be incurred.

For example, a new branch line constructed and opened for traffic commences to earn revenue immediately, but in normal course many years will elapse before any portion of the permanent way and works of that line is due for renewal. It will be clear, therefore, that if only current expenditure were charged against the earnings of the line it would not represent a fair charge, as the burden of ultimate renewal would be left to be borne wholly in future years.

For the reasons stated it will be apparent that, to maintain a sound financial position, provision should be made annually for the shrinkage in value represented by the expired life of all wasting assets in service, and at the present time this is a common procedure of British railways.

It should be noted that in pre-war days the funds accumulated for the ultimate renewal of assets were styled "Depreciation Funds," and the annual provision charged to revenue account in respect of wastage of assets was based on the original capital cost of the asset affected. The great increase in the cost of wages and materials arising since the war rendered such provisions wholly inadequate for ultimate renewal of assets which were produced originally at comparatively low prices. It became necessary, therefore, in many cases, to revise the basis of annual provision, and this was done by taking the estimated renewal cost in lieu of original capital cost. Annual provisions on the revised bases are now generally referred to as "renewal" provisions, and the accumulated funds as "renewal funds." The revised basis, however, is not used in every case, and in certain instances provisions are still based on original capital cost. This is done where it is anticipated that the assets of a certain description will not require to be renewed at the expiration of their effective life. Electric power stations may be quoted as an example, where the company anticipates that, at some future date, they will purchase current instead of generating it.

It will be understood that renewal provisions are calculated so as to produce a sum at the end of the life of the asset sufficient to replace the asset with another of similar description. In the interval that elapses between

the original purchase and the date of the renewal of the asset it is probable that the progress of science and invention has provided an improved type better able to do the work required, and consequently it would be futile to replace the asset by one identical with the original design.

The renewed asset is, generally speaking, not only of better type, but probably also capable of increasing output. It is "better" than the original, and the value of the difference between the two assets, *i.e.*, betterment, must be assessed when renewal is effected.

"Betterment" is, strictly speaking, properly chargeable to capital account, but in practice it may be charged to revenue account. If the betterment of any one item is over £500 in value, unless charged to capital or funds set aside for improvement, it must be included in Account No. 8 under a special heading, "New and Improved Works, &c."

There are several methods, all leading to the same goal, by which the annual "renewal provisions" are ascertained. Each method has certain advantages, and the practice of railway companies in making provision for renewals has in the past not been entirely uniform. After full consideration, however, of the various methods, agreement has now been reached amongst the companies that the method known as the "straight line basis" will be generally employed in future, as, although this method is not so scientific as some of the others, it has the merit of simplicity, and is sufficiently accurate for all practical purposes.

"Straight-line basis"—divide the estimated renewal cost (less estimated value of the scrap to be recovered) by the anticipated years of life of the asset and debit revenue account with an equal amount annually.

In the method of dealing with renewal provisions in the accounts the procedure followed by railway companies is somewhat different from that of ordinary commercial concerns, where the general practice is to charge the renewal provisions direct to revenue account, any expenditure incurred on renewals being charged direct to the fund. In the case of railway companies, however, it is required that actual expenditure incurred on renewals should be debited, not directly to the fund, but should first of all be debited to the appropriate revenue expenditure item (any scrap or residuals being credited to the same item), the adjustment between actual net expenditure and the renewal provision being effected as a "transfer to or from renewal or suspense account," which is shown at the foot of each expenditure abstract or account.

The effect of this procedure is that, if in any year the actual net expenditure incurred on renewal is in excess of the renewal provision there is a transfer from renewal fund of the amount of the excess, or, on the other hand, should the net expenditure on renewal be less than the renewal provision, a transfer of the difference to the renewal fund is made.

In grouping of assets and assessment of their anticipated lives for purposes of renewal provisions there is no uniform schedule applicable to all railway companies, as the experience, under the conditions of each organisation, varies to an appreciable extent.

The final account is No. 19, "General Balance Sheet." I could spend a long time on the balance sheet, but we will just look at a few items and then pass on.

On the "liabilities" side you will observe that at December 31st last the company held in the savings banks nearly three million pounds belonging to members of the staff and their families. The next item gives the

amount standing to the credit of the superannuation and other provident funds—over 4½ million pounds. Then a little lower down you will see that the renewal funds (taking the railway and other businesses together) amount to over seven million pounds.

On the "assets" side we have first to show the debit balance on capital account to which I have already referred. After "Cash at bankers and in hand," we have to show separately the "Investments in Government securities" from the other investments, which also have to be subdivided into: (a) Road transport undertakings; other transport undertakings. (b) Other undertakings. The next item, "Stock of stores and materials," amounts to 2½ million pounds. You will appreciate that is a large figure, and if we take interest thereon at, say, 5 per cent., and another 5 per cent. for depreciation and obsolescence (making a total of 10 per cent., which is not too high a figure), it will be realised that the holding of such a stock costs the company about £225,000 a year. It is, therefore, a true economy, and the aim of all departments to reduce the quantity of stores which it is necessary to hold to the lowest possible figure compatible with efficiency.

The statistical returns which follow the balance sheet are interesting, and will repay study, but I have only time to point out one or two of the most important. No. 12, on page 16, "Engine Mileage," may, in a measure, be considered as a statement of the work done by the railway. You will see the total figure in the middle of the bottom line, the enormous total of nearly 76 million miles run by the company's engines and electric trains. No. 13 and No. 14 give respectively particulars of the passenger and goods traffic receipts, and No. 16 a summary of the financial results compared with those for past years.

Overleaf, on page 18, are the certificates of the officers responsible for the upkeep of the company's property. The document is then signed by the chairman and secretary, and finally comes the certificate of the auditors. It is a curious thing that there is no provision in the statutory form for the name of the most important officer of the company—the general manager—which does not appear anywhere in the annual report and accounts. The document concludes with an index and a map of the system.

So much for the accounts and returns, and I must bring my remarks to a close.

"Railway Accounts" is a big topic, and I have only been able to skim the surface, but for those of you who wish to study the subject more deeply I would recommend the perusal of a book written by Mr. C. H. Newton, the Chief Accountant of the L. & N.E.R., which has been of assistance to me in the preparation of this paper.

I have made no attempt to describe the multitudinous books and forms employed in recording and marshalling the financial transactions which lead to the publication of the accounts and returns in the statutory form which I have endeavoured to explain.

Time will not permit, or I should like to have discussed the question of the proper allocation of expenditure between capital and revenue, which often constitutes a problem of considerable complexity, and also to have told you something of the control and audit by the accountant of the accounts of all departments and the various methods and mechanised systems which have been introduced from time to time.

In conclusion, may I say that I hope I have not altogether failed to make my subject interesting to you, and I thank you for listening so patiently.

Incorporated Accountants' District Society of Yorkshire.

ANNUAL DINNER.

The annual dinner of the Incorporated Accountants' District Society of Yorkshire was held at the Great Northern Station Hotel, Leeds, on December 13th. The PRESIDENT (Mr. Thomas Hayes) presided over a large gathering, which included the Deputy Lord Mayor of Leeds (Mr. B. W. Goodall), Mr. E. Cassleton Elliott (President of the Society of Incorporated Accountants and Auditors), the Mayor of Harrogate (Mr. J. H. Newsome, J.P.), Alderman R. C. Davies (President, Leeds Law Society), Mr. Edward Tetley (President, Leeds Chamber of Trade), Mr. H. Lister (Secretary, Leeds Chamber of Commerce), Mr. Thomas Thornton (Town Clerk of Leeds), Mr. J. Willoughby Jardine, K.C. (Recorder of Leeds), Mr. James Mitchell (City Treasurer of Leeds), Mr. J. Stanley Nettleton and Mr. A. E. Horrox (Chairman and Secretary of the Auctioneers' Institute), Mr. Ernest T. Mills (President, Insurance Institute of Yorkshire), Mr. H. C. Wood (Secretary, West Yorkshire Branch, Chartered Institute of Secretaries), Mr. C. Bullwinkle, Mr. J. L. Ounsworth, Mr. T. W. McLeod and Mr. John Frame (Inspectors of Taxes), Dr. G. H. Austin (Principal of the Leeds College of Commerce), Dr. Terry Thomas (Headmaster of Leeds Grammar School), Mr. W. J. Bees, B.Sc. (Director of Education for Leeds), Mr. A. A. Garrett, M.A. (Secretary of the Parent Society), Mr. D. T. Boyd (President, Belfast Society), Mr. R. H. B. Heap (President, Bradford Society), Mr. T. M. Rhodes (Secretary, Bradford Society), Mr. G. A. Ridgway (President, Hull Society), Mr. J. Turner (President, Manchester Society), Mr. H. Piggott (Secretary, Manchester Society), Mr. W. H. Stalker (President, Newcastle Society), Mr. J. E. Spoors (Secretary, Newcastle Society), Mr. A. B. Griffiths (President, Sheffield Society), Mr. J. W. Richardson (Secretary, Sheffield Society), Mr. Bernard A. Bates (President, Leeds Society of Chartered Accountants), Mr. J. B. Rideout (Manager, National Provincial Bank, Ltd.), Mr. C. L. Andrew (Manager, Midland Bank), Mr. F. W. Tidswell (Manager, Martin's Bank), Mr. J. C. MacDonald (Manager, Westminster Bank), Mr. O. D. Hamer (Manager, Lloyds Bank), Mr. R. W. R. Kerr-Smith (Manager, Barclays Bank) and Mr. T. W. Dresser (Hon. Secretary, Yorkshire District Society).

ALDERMAN R. C. DAVIES (President, Leeds Law Society), proposing "The City of Leeds," asked what was the test of a city. It was not necessarily, he thought, its area, its population, or its size, nor, as so many people were apt to think, the amount of rates that the ratepayers were called upon to contribute. He suggested that the true test of a city was the contentment of its people and the high standard of commercial morality that existed within its boundaries. It was said by Bentham that the test of a nation was that its laws and the administration of its laws should be such that the result was the happiness of the people. There was much of which they in Leeds could justly be proud. In Leeds a vast amount of religious, social and charitable work emphasised the generosity of the citizens. All the citizens could play a part, and the Society of Incorporated Accountants was playing its part in assisting to set a high standard of commercial morality.

THE DEPUTY LORD MAYOR OF LEEDS (Mr. B. W. Goodall), who responded, paid a tribute to Alderman Davies for the able manner in which he had conducted the city's affairs when he was leader of the City Council, and added that the citizens, irrespective of political party, were grateful to him for his valuable work on behalf of the city.

Mr. J. WILLOUGHBY JARDINE, K.C. (Recorder of Leeds), who proposed "The Society of Incorporated Accountants and Auditors," reminded his hearers that the Society, which was formed in 1885, had proceeded through the difficult stages of adolescence to maturity, and had come to boast a membership of 6,000 strong. The Society had now established itself by its tradition, by universal accord and by the recognition of Parliament as one of the great societies of accountants in this country. No doubt the profession of accountancy as a whole had its detractors. So had the law. (Laughter.) People said of both that they were a trade union which lived only on the sufferings of people who were in trouble. That was a lie which they must repudiate. The truth was that all great learned professions existed to render a public service, and they would not last long unless they were based on the tradition that, whether it suited them or not, they must give the best and the most honest advice to their clients. The Society, as a mass of collective opinion of an ordered profession, had an enormous force, particularly in the sphere of taxation. Taxation had now grown to be impost on impost, and tax on tax. Members of that Society, or other accountants who dealt with taxation every day, must know very well that it was useless or worse than useless for Governments to talk of gold standards, of tariffs, of the virtues of economic conferences, or the merits of another organisation at Geneva, when all the time the enormous burden of taxation was so increasing the cost of production that the return to prosperity so desired by every member of the community must wait until that overwhelming impost, which did not fall upon our competitors, ceased or was diminished. The collective force of the opinion of a great profession was enormous, and he ventured to think that those who were endeavouring by their daily efforts to render a public service to the community would also be rendering a public service if, in season and out of season, they let it be known that the result of their daily work was to show that all remedial measures were nugatory, and would go on being nugatory, until this burden on the cost of production was in some way diminished.

Mr. E. CASSLETON ELLIOTT (President of the Society of Incorporated Accountants and Auditors), responding, said Mr. Jardine had covered much ground. Accountants were delighted to be told that they were in the same union with the law, and that they were able to glean some of the traditions which attached to the law. Accountants were friends with the Inland Revenue, and they hoped to remain so, because it was in the interests of the tax-paying community that they should. The Inland Revenue trusted them, and they trusted the Inland Revenue, and as a result their clients benefited. It was rather irritating at times to find certain accountants complaining of the eternal list of questions which the Inspector of Taxes asked. His answer was a very simple one. If the questions were justified, they should be answered; if they were not justified, they could be answered much more quickly, and if they were answered completely, the Inspector was perfectly satisfied, and did not submit so many questions in future. Accountants were a younger body than the legal profession, but they had attained that tradition which was essential to stability, and if they were in any way assisting the law in that regard they were satisfied. They had a disciplinary committee, and any member of their Society who transgressed was called before that committee. If that member were not fit to be a member any longer, they had no hesitation whatsoever in suspending him or, in a very few cases, dismissing him entirely from the Society, because they felt that they must uphold the tradition of the Society. So far as taxation was concerned, he had said in public on previous occasions, and he said it again definitely, that

they were hoping for a reduction of income tax in the next Budget. Estate duties would not, in his opinion, be reduced one whit, and he did not think the surtax would be reduced, but they were looking forward to a reduction in income tax, however slight, because it would be a great fillip to trade and a great assistance to the country. There was not the slightest doubt that the very high rate of taxation was a serious burden upon industry, and it was one which must be reduced as soon as possible, though gradually. The stability of the country depended upon the fact that we had always balanced our Budget. That must be a first essential, but, if combined with the balancing of the Budget we could get a reduction of taxation, then he was sure that trade and industry in this country would improve. He was glad to hear that trade in Leeds was on the up grade. He hoped it would continue, but that it might not be too rapid, because in his experience too rapid an increase in anything meant a reaction very soon afterwards. The members of their Society relied upon their training and experience. A short time ago a reviewer of a book, writing in a weekly paper, said, "What does skill amount to within a profession?" and went on to give his own answer: "Most of it is routine. Most of it could be done by anyone lucky enough to get the job of doing it." So far as accountants were concerned, that was not a true answer. Members of their Society had many years of training, and even after they had qualified and had passed their examinations, the training continued. The subjects were wider to-day than they were formerly, and there was a vast amount of ground to be covered, including, to a certain extent, legal subjects: Accountancy was complementary to the law. Accountants did not seek to trespass upon the legal profession, and solicitors on their part, if they had difficult accountancy problems, entrusted them to accountants. Incorporated Accountants were eager to be of assistance to the community in every way. To-day they had to keep up with all kinds of problems. A few days ago, speaking in the Midlands he referred to the difficulty of preference shareholders whose rights at this time were being attacked by proposals to reduce the rates of dividend which were fixed years ago. One could not blame company directors for seeking to reduce charges on profits in that way, but what he did say was that the preference shareholder should have a square deal. He must have full information given to him, and reasons for the proposed reduction. The chief practical difficulty was the question of proxies. What he would like to see in regard to proxies in matters which were before a company meeting, and which affected the preference shareholder, would be an opportunity for the shareholder to vote either for or against a resolution. In cases of public companies where the shareholders were numerous it was impossible for all of them to attend the meeting, but, in those cases, they should have the opportunity of exercising their vote either in favour of or against a proposal. Generally speaking, company directors were men who had served their companies well, and had been placed in those positions because they merited the confidence of the public and carried out their duties satisfactorily. He was not attacking company directors in any way, but he suggested that the system in regard to proxies at the present time was wrong, and he thought company directors would be well advised, if there were any question affecting the rights of a preference shareholder, to consider whether such a shareholder should not have the right to vote against the resolution as well as in favour of it. (Applause.)

The President (Mr. Thomas Hayes), proposing "Our Guests," paid a special tribute to the work of Mr. A. A. Garrett, Secretary of the Parent Society, par-

ticularly in regard to the deliberations of the International Congress of Accountants in London.

Mr. BERNARD A. BATES (President of the Leeds and District Society of Chartered Accountants) responded. Between the accountants' profession and the legal profession in that part of the world, he said, there was the greatest unanimity, and they worked together with the closest harmony and friendship. Both members of the Institute and members of the Society were at one in their pride of profession and in their desire to maintain the highest possible standard of integrity, efficiency and usefulness to the trading public at large. The mutual respect between members of both organisations was no idle rumour, for they respected one another, and had the greatest pleasure in seeing the success of their respective societies.

Mr. CHARLES BULLWINKLE (Principal Inspector of Taxes, Leeds Area), who also responded, said the days when accountancy was confined mainly to bankruptcies and liquidations and the audit of accounts of a relatively small number of public bodies had passed. To-day their influence permeated every part of the economic structure of the country. More than that, they had attained the proud position in which they were numbered among the trusted and valued advisers of the Government itself. As an Inspector of Taxes, he would like to take that opportunity of expressing his appreciation of the happy relations which for the most part subsisted between members of their profession and the Tax Departments. Probably no section of the community came into more intimate touch with the accountancy profession, and it was a great pleasure to him to pay a tribute to the efficiency, the courtesy and the businesslike habits and willingness always to assist. He thought there had been an enormous increase both in the number of concerns keeping accounts and in the correctness and efficiency with which they were kept. His experience was that it was very seldom that unnecessary enquiries were raised. Inspectors of Taxes were doing all in their power to limit the range of their enquiries to necessary matters, and particularly to avoid the repetition of the same enquiry year after year. Enquiries which one might call routine enquiries were being cut down so that there should be no cause for complaint. After thirty years in the Income Tax Department, he was firmly of opinion that a very large majority of taxpayers were honest, and genuinely willing and anxious to pay their just dues. On the other hand, there was a small minority who, actuated by insensate greed, were not satisfied with enjoying a substantial income, but set themselves deliberately to defraud the Revenue. Those men it was their duty as guardians of the public purse, and as a duty owing to the honest taxpayer, to bring to book. The Department had many and varied sources of information, and when they raised enquiries, it must not be thought that they were being raised without the Department having carefully considered their ground beforehand.

CITY OF LONDON COLLEGE.

The chairman of the Old Students' Association is desirous that past students of the College should know that an opportunity of renewing old associations and making new ones will be afforded at a dinner of the Association to be held at the Leathersellers' Hall, Bishopsgate, London, on Saturday, January 27th.

Mr. Arthur Clifford Harrison, of West Hartlepool who has just passed the Final examination of the Society of Incorporated Accountants and Auditors, is a Rugby International, having twice played for England.

Incorporated Accountants' Belfast and District Society.

ANNUAL DINNER.

The annual dinner of the above, which was held in the Grand Central Hotel, Belfast on Monday, December 11th, was the largest in its history. Mr. D. TILFOURD BOYD, the President, occupied the chair, and amongst those present were: The Lord Mayor of Belfast (Sir Crawford McCullagh), The Ulster Minister of Commerce (Mr. J. Milne Barbour), The Attorney-General (Mr. A. B. Babington, K.C.), Mr. Walter Holman (Member of the Council of the Society of Incorporated Accountants and Auditors), Mr. R. J. Kidney (President of the Society of Incorporated Accountants in Ireland), Mr. G. B. Hanna (Parliamentary Secretary, Ministry of Home Affairs), Mr. Robert Bell (Vice-President of the Belfast District Society), Mr. S. J. Lewis, Mr. R. E. Herdman, J.P. (Chairman of the Belfast Harbour Commissioners), Mr. A. E. Piggott (Hon. Secretary of the Manchester and District Society), Mr. A. H. Walkey (member of the Council), Mr. E. E. Edwards (Parliamentary Secretary of the Society of Incorporated Accountants and Auditors), and Mr. H. McMillan (Hon. Secretary of the Belfast District Society).

Mr. D. TILFOURD BOYD (the Chairman), proposing the toast of "The Governor and Government of Northern Ireland," said that during the past year there had been an improvement in trade, but while the methods adopted to bring it about in various countries differed, there was one factor common in every country, and that was the feeling of confidence which had animated the peoples of the world in these last months. It was right that they should be thankful that the unemployment figures had fallen by half a million, but there remained over two millions of their men and women who were still unable to find work. Criticism of the cost of administration of the Government still persisted, and he believed frankly, much of it was not invalid. The twelve years that had elapsed since Northern Ireland became a separate political entity were, however, a record of no inconsiderable achievement. The various Acts that had been passed had been definitely successful efforts to achieve three objects, to improve the standard of their commodities, the making known in the markets of the world of the productions of Northern Ireland, and, of greater importance still, the ensuring that the men and the women of the Province were adequately equipped—mentally, intellectually and physically—to carry on the great traditions of the Province.

Mr. J. MILNE BARBOUR (Minister of Commerce), in his reply, said that to-day the doctrine of *laissez-faire* was an impossible policy for any Government, and while it was true that the Governments in Ulster and at Westminster had travelled far from that policy, it could hardly be said that they had adopted a policy of interference. What both Governments had done was to place within the reach of industry every means of assistance that it was the function of Governments to provide. In Ulster they were part of the economic system of the United Kingdom, and it was essential for their people that they should remain so. He could not see that it would be to their benefit to prefer a market of three millions to one of 44 millions. The view of the Government was that they should seek unity with the greater rather than with the lesser.

Mr. JUSTICE MEGAW, proposing the toast of "The Society of Incorporated Accountants and Auditors,"

said he had been honoured in being asked to propose the toast of the evening. He saw that the Society was very close to the eve of its Jubilee. It had existed for forty-nine years, and it had a history of which the members had every reason to be proud. It was founded to provide a central organisation to raise the status of the profession, and it had a membership all over the world. He had been looking over the places where their members were to be found, and he did not think there was an important country in the world, except, perhaps, Soviet Russia, in which their members did not form part of the commercial community. The membership had grown, and at present he believed it had reached a total of 6,000. When one considered the vast size of the Society, and thought of the numbers and the influence they possessed, one must be struck with the work they were doing throughout the world in economics and in other matters of government also. They were interested in raising the status of the profession by insisting that their members should have a good general education as well as that necessary for accountancy. He had been interested and glad to see in regard to the provision they were making to ensure that high educational standard that they were making use of the opportunities provided by their association with the Queen's University and its degrees. He had the honour to be connected with Queen's University, and he knew that their Secretary, Mr. Herbert McMillan, A.S.A.A., was one of the recognised lecturers at the University, and their President was one of the external examiners, to see that the standard of education in accountancy was kept up to the proper mark. He need not dwell there on the importance of accountancy in the business world and its many ramifications. Its importance could not be over-emphasised when one thought of the mistakes and difficulties that arose from false calculations in regard to a business. The growth of company law and the complexities arising from matters connected with company law—from large companies and subsidiary companies, with which they were so well acquainted—required most skilful and scientific supervision. There seemed to be continual competition between legislation on the one hand, and ingenious evasions of that legislation on the other—(laughter)—and their body was called upon to play an important part in seeing that the law as it stood should be carefully adhered to. That legislation called for a corresponding increase in their scientific training, and also an insistence on a high standard of rectitude in the members of their Society who were auditors. They were subject very often to very great temptation, and he thought their Society enabled them to meet those temptations in a way that if they were not so joined they would find it difficult to do. Directors looked often with no friendly eye on some of the provisions of the Companies Acts. They approved of limited liability—he thought most directors did—but they were not too anxious that the state of their particular company should be known to the general public, much less to their own shareholders. Accountants were, he was sure, subjected to pressure, direct and indirect, to give a sickly organisation as roseate a complexion as possible. On the other hand, when bankruptcies occurred, he thought the converse very often held—it had been known for the defaulting trader to be unduly pessimistic as to the circumstances of his failure. The existence of a Society like theirs—jealous of the good name of their profession—was a counter-poise to such temptation. The knowledge that their members had great responsibilities made it easier for a member of the Society to do right and more hazardous to do wrong. It would be out of place for him to make reference to cases that had

come before him in his comparatively short tenure of judicial office, but he could say that from his experience at the Bar as well as the Bench, he had received great help from members of their Society. The Lord Chief Justice, speaking to the solicitors of Ulster a few evenings earlier, at a dinner given by the Incorporated Law Society, mentioned how important it was to a judge and how much easier it made his work when he could implicitly rely on statements of fact made by members of that profession, and on their honour and rectitude. He might, without straining language, apply the same to accountants also. When a judge knew that the figures put before him honestly represented the situation, and had been arrived at and prepared fairly—the man in charge being a man of truth and honour—it certainly made the administration of justice a much easier matter. When properly directed, the work of an accountant aimed, and must aim, at revealing truth and exposing shams in business matters.

Mr. WALTER HOLMAN, F.S.A.A., Member of the Council, who responded, thanked Mr. Justice Megaw for the kind words he had used in proposing the toast, and those present for the way they had received it. He stood there as a substitute for the President of the Society, Mr. Cassleton Elliott, who attended their dinner last year. Shakespeare said that a substitute shone as brightly as a King, until a King was by, but the President of their Society always wore the badge of his office, and a substitute was not qualified to wear that badge, and, therefore, he came before them unadorned—some people preferred beauty unadorned. (Laughter.) And talking of insignia of office reminded him of a celebrated cleric whose appearance was so fierce as to belie his real nature, and it was said of him on one occasion that a very kind heart beat beneath his ecclesiastical gaiters. (Renewed laughter.) He hoped they would believe in his sincerity when he said that his heart—however misplaced it might be geographically—had been very deeply touched by the reception he had been given by his colleagues in Dublin and Belfast. (Hear, hear.) It was his first visit to Ireland, which proved only that his education had been sadly neglected, and so far he had been delighted, as he thought everyone must be delighted who visited that wonderful and beautiful country. Mr. Justice Megaw had referred to the means by which they endeavoured to maintain the status of their Society and had referred to the examinations which were the test of the progress the candidates had made in their endeavours to attain to the standards of the Society. It was a curious fact that any question of increasing the stiffness of the examinations in order to raise the standard always aroused the enthusiasm of those who had passed their examination. He hoped those who had still that ordeal to undergo would realise that in raising the standard of the examinations and increasing the severity of the tests, the Society was merely endeavouring to equip its members so that they should be able to meet the increasing obligations which were placed upon them. The President had referred to economic conditions which applied in this country and the Minister of Commerce had dealt more fully with the national aspects of those conditions, but he wanted to give them a wider view of world conditions at the present time. By the nature of his work and by the intimacy of his relations with trade and commerce, an accountant was better fitted than others for the task of understanding and appreciating the tendencies which indicated the direction in which the world was travelling. Those tendencies at the present time were interesting and significant. The world-wide nature of the depression through which they were passing seemed to him to prove the inter-dependence of all countries, and

yet they had in all nations at the present time a policy of individualism and nationalism being carried out which expressed itself in barriers, tariffs, and restrictions, the effect of which could only be to hamper and hinder trade. Instead of the co-operation between nations which the present conditions seemed to demand, they had international policies of self-dependence. In fact, they had a renaissance of national individualism which seemed to him to be entirely at variance with the movements which were going on within the nations themselves. Wherever they looked in the world to-day they saw restrictions being placed upon, and control exercised over the activities of trade and commerce. Although these might take different forms in different countries, still the movements were essentially the same whether in the East or the West. Although these developments might not be so apparent in our own country as in other countries, there were sufficient indications here of the fact that the independent individualism which was the accepted principle of the nineteenth century would be superseded in the twentieth century. If the tendencies in international and national spheres ran in the same direction, there would be some reason for seeing in them an evolution towards the world-state of which some dreamed, but it was the apparent contradiction between them which made the present position so enormously interesting and so extraordinarily difficult to forecast. It was one of the rules of their profession that an accountant should not make any statements which he could not verify, and therefore he was precluded from indulging in future estimates. That salutary rule relieved him of the necessity of providing a solution of the problem which he had ventured to place before them, but it did impose upon him the obligation to indicate some of those economic principles which past experience had established and on which accountants were qualified to insist. Trade and industry could only be carried on and developed if the price obtained for goods exceeded the cost of producing them. How else could there be created the capital necessary for growth and development? It was the neglect of that obvious principle which largely produced the bad debts which formed so heavy a charge in the annual accounts of so many businesses. Successful trading could only be carried on if the equilibrium between production and demand was maintained. It was the neglect of that principle, and the expansion of production and the means of production beyond a reasonable expectation of demand, which was one of the main factors in precipitating the slump in America. Another principle which seemed to him to be vastly important was that efficiency in management was in the mutual interests of both producer and consumer. If industry was to be successful, waste, whether human or material, must be eliminated, and this was essential not only to successful enterprise, but to real world progress. Those, he submitted, were principles which applied, and must apply, however industry was owned, controlled or organised, and it was neglect of them which produced the conditions which found their reflection in the Courts dealing with bankruptcy and liquidation. He had put those principles before them because he felt that they were principles which they as accountants could make known, and so give their proper contribution to the world which was suffering from neglect of them at the present time. (Applause.)

Mr. R. J. KIDNEY, F.S.A.A., President of the Society of Incorporated Accountants in Ireland, said he was proud to occupy that position. Accountants entered into every sphere of life and their work and interests were becoming more and more of greater service to the community. The work of the Irish Branch and the District

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Society of Belfast was going on very well and their relations were most harmonious. They were an undivided community and knew no border. Long might that continue.

Mr. ROBERT BELL, F.S.A.A., Vice-President of the Belfast Society, proposing the toast of "The City and Trade of Belfast," said the city was endowed with industries that were fully equipped to take advantage of any world recovery of trade. He spoke in appreciative terms of the various public boards, and said they were entitled to commendation for providing for the ever-increasing demands of the citizens and also for maintaining the financial stability of the city. As accountants, they took a special interest in the trading departments of the Corporation and their earnings, and the high place occupied by their local stocks on the Stock Exchange was sufficient evidence of the qualifications of the members of the Finance Committee.

The LORD MAYOR (Sir Crawford McCullagh) responding, said that the accountants were members of an honourable profession, and the stability of the State depended upon them. He was a wise man, either in a small business or a large, who consulted an accountant, and he wished to pay tribute to a body of men who had done so much for the country. Sir Crawford went on to refer to the growth and development of the city and municipal enterprise, and said that if he and the City Treasurer (Mr. W. E. Crawford), the old Irish Rugby full-back, who had secured his appointment in the face of keen competition, and the Chairman of the Finance Committee went to London to-morrow to borrow money for the city, they could get £2,000,000 in five minutes.

Mr. J. S. LEWIS, A.S.A.A., proposed the toast of the guests. He said they had Englishmen, Scotsmen, Welshmen and Irishmen present, and they extended to all a very hearty welcome. The Attorney-General for Northern Ireland (Mr. A. B. Babington, K.C.) and the Parliamentary Secretary to the Ministry of Home Affairs (Mr. G. B. Hanna) responded.

The health of the President was proposed by the LORD MAYOR, and Mr. Boyd said the large gathering showed that the Incorporated Society was going from strength to strength. Presidents might come and go, but the man that saw that the work went on was the Secretary, Mr. McMillan.

District Societies of Incorporated Accountants.

BELFAST.

Syllabus of Lectures, 1934.

1934.

- Jan. 8th. Students' Meeting. Debate: "Should there be unlimited 'Bus Services'?" Affirmative: Mr. T. A. Leonard. Negative: Mr. W. Smyth.
- Jan. 15th. Luncheon in the Carlton Restaurant at 1 p.m.
- Jan. 20th. "Mechanised Book-keeping," by Mr. W. J. McMillan.
- Feb. 9th. Students' Meeting. "1932 Companies Act," by Mr. H. Bell, A.S.A.A.
- Feb. 12th. Luncheon in the Carlton Restaurant at 1 p.m.
- Mar. 5th. Students' Meeting. "The Stock Exchange and its Operations," by Mr. James Taylor, President of the Belfast Stock Exchange.
- Mar. 12th. Luncheon in the Carlton Restaurant at 1 p.m.
- Apr. 23rd. Annual Meeting at 7 p.m.

Meetings are held in the Society's Rooms, Coates' Buildings, Castle Street, Belfast, at 7.30 p.m., unless otherwise indicated.

On December 11th, Mr. Walter Holman, F.S.A.A., was the guest of the Society at luncheon, which was well attended, particularly by Students. Mr. Holman addressed the students on the Society's examinations and emphasised the necessity for constant hard work during the whole period of preparation. Given this and average intelligence there was no reason, he said, why candidates should not pass the examinations at the first attempt.

MANCHESTER.

An address on "The Work of the County Court" was delivered at Manchester on December 6th at a joint meeting of the Manchester and District Branch of the Chartered Institute of Secretaries and the Incorporated Accountants' Society of Manchester and District by His Honour Judge Leigh, the Judge of the Manchester and Leigh County Courts.

Mr. Joseph Turner, President of the Manchester and District Society, was in the chair, supported by Mr. C. C. Wright, chairman of the Manchester and District Branch of the Chartered Institute of Secretaries.

Judge Leigh pointed out that the County Courts of the country were not only Courts of Justice but parts of a great business organisation. At Manchester two days in each week were red letter days when proceedings of a substantial character were dealt with; two other days being black letter days when matters smaller in amount were disposed of. On a black letter day litigants were seldom represented by solicitors or counsel. A claim for debt was first heard before the Registrar. If there was a defence the case was sent over to the Judge, but up to £5 the Registrar could himself deal with a contested claim. The Judge had to deal with judgment summonses and claims for possession of dwellings. A very small percentage of the orders ever led to imprisonment, because of the safeguards and precautions observed. The work on red letter days was conducted more after the manner of cases in the High Court and the Judge almost always had the assistance of counsel or solicitors. A large part of the time was occupied in trying running-down cases and in arbitrations under the Workmen's Compensation Act.

A good deal of the administration of the Workmen's Compensation Act took place in chambers and not in open court, and he explained how the lump sums often paid by way of compensation were administered. He thought it would be of advantage if the Court could retain control of these sums even after the injured workman had come of age.

The County Court system of the country cost the taxpayers very little. The gross expenditure in 1931 was about £944,000, but after taking into account the receipts from litigants this figure was reduced to about £99,000. In conclusion he laid stress on the importance of the work done by the County Court in bringing justice to the door of the poorest citizen.

On December 9th, the Incorporated Accountants' Society of Manchester and District held a dance in the Great Hall of the College of Technology. Over 180 members and students and their friends participated in an enjoyable evening.

SOUTH WALES AND MONMOUTHSHIRE.

(CARDIFF AND DISTRICT STUDENTS SECTION.)

The second annual supper-dance, held at the Royal Hotel, Cardiff, on December 15th, was well attended and proved a great success. The Chairman (Mr. V. F. Alban,

A.S.A.A.) expressed the thanks of the Students' Committee for the splendid support given by members and their friends.

A meeting of the Incorporated Accountants' South Wales and Monmouthshire District Society, held at Cardiff on November 30th, was addressed by Mr. Albert Crew, Barrister-at-Law, on "The Law and Practice relating to Company Meetings." The President of the District Society (Lieut.-Colonel R. C. L. Thomas) was in the chair.

Mr. Crew dealt particularly with the conduct of chairmen of meetings, saying that they often made the mistake of declining to put an amendment to the meeting on the ground that it had not been seconded. There was no justification for this. Several members and students took part in an interesting discussion.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Glasgow Students' Society.

A successful whist drive and dance was held on 16th ult. by the Glasgow Incorporated Accountants' Students' Society. During the first part of the proceedings Mr. Davidson Hall, F.S.A.A., President of the Students' Society, occupied the chair. At an interval of the dance Mr. R. T. Dunlop, F.S.A.A., Vice-President of the Branch, introduced Mrs. J. C. McMurray, Kilmarnock, who presented the prizes to the winners. On the motion of Mr. James Paterson, F.S.A.A., Secretary of the Scottish Branch, a cordial vote of thanks was accorded to Mr. R. T. Dunlop for his continued interest and his generous assistance to the Glasgow Students' Society and Golf Club.

"Silks" Directors' Claim for Expenses.

Last month the First Division of the Court of Session gave judgment in notes of appeal for two of the directors, one of whom was chairman, of the Scottish Amalgamated Silks, Ltd., now in liquidation. They appealed against the adjudication and deliverances by the joint liquidators of that company in the claims by the appellants to be indemnified by the company to the amount of £11,524 in the case of the chairman and £3,649 in the case of the other director, being the costs, losses and expenses respectively incurred by them in connection with their defence in a criminal trial in which they were indicted for fraud and other charges in relation to contracts entered into and acts and deeds done by them as directors of the company. As a result of the trial they were acquitted. They contended that the acts done by them which formed the basis of the criminal charges against them were done by them as directors in discharge of their duties. The liquidators in their answers denied that the appellants were entitled to any such ranking as was claimed by them.

The Division unanimously refused the appeals, holding that the appellants were not entitled to repayment as agents of the company, nor to found upon the indemnity clause in the company's Articles, and that the liquidators were right in repelling their claims to do so.

A Question of Cheques.

In an action by Messrs. Godfrey Phillips, Ltd., 112, Commercial Street, London, against the Italian Bank, Ltd., 309, Argyle Street, Glasgow, for payment of £111, Lord Wark granted decree for the sum sued for. The pursuers were wholesale tobacconists, and they sued for

five cheques drawn upon the defenders in their favour. These cheques were collected by one of their travellers in payment of accounts by their customers. Three cheques were crossed and two uncrossed. The traveller endorsed them with the company's name, adding his own signature, and received payment from the defenders in cash, and applied the proceeds to his own purposes. It was not disputed that the defenders acted in good faith in making the payments, but his Lordship held that the defenders were not entitled to suppose that the traveller had the authority of the company to endorse their name. In this the defenders were negligent, and it followed that the payment was not made in the ordinary course of business.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Session Cases (Scotland)*; S.L.T., *Scots Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*.

EXECUTORSHIP LAW AND TRUSTS.

In the Estate of Rosse.

Special Administration where Representative Abroad.

By sect. 164 (1) of the Supreme Court of Judicature Act, 1925, if at the expiration of twelve months from the death of a person any personal representative of the deceased to whom a grant has been made is residing out of the jurisdiction of the Court, the Court may, on the application of any creditor or person interested in the estate of the deceased, grant to him special administration of the estate.

Where a personal representative beneficiary entitled to an estate is out of the jurisdiction and is bankrupt, a grant may be made to his trustee in bankruptcy under sect. 164.

(Ch.; (1933), L.J.N., 321.)

INSURANCE.

Richardson v. Roylance.

Meaning of "In and Around London."

A policy of insurance provided that for the insurance of money lost "in transit to various places of disbursement in and around London, including Staines." Money was lost at Winchester.

It was held that Winchester could not be described as in or around London, and the claim for a loss of £254 at Winchester failed.

(K.B.; (1933), 50 T.L.R., 99.)

PROFESSIONS.

The Law Society v. United Services Bureau.

What is a Corporate Body?

By sect. 46 of the Solicitors Act, 1932, any person not having in force a practising certificate, who wilfully pretends to be, or takes or uses any name, title or description implying that he is qualified to act as a solicitor, will be liable on summary conviction to a fine for each offence.

It was held that a corporate body is not a person within the section.

(K.B.; (1933), L.J.N., 321.)